EL CORTE INGLÉS GROUP

2023 FINANCIAL REPORT

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of an audit report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the Shareholders of EL CORTE INGLÉS, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of EL CORTE INGLÉS, S.A. (the Parent) and its subsidiaries (the Group), which comprise the balance sheet at February 29, 2024, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the notes thereto, all consolidated for the year then ended (2023 financial year).

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at February 29, 2024 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment and investment properties

Description

As explained in notes 5 and 6 to the accompanying consolidated financial statements, the Group recognized "property, plant, and equipment" and "investment properties" for a carrying amount of 8,312,331 thousand euros and 506,790 thousand euros, respectively, at February 29, 2024. "Property, plant and equipment" includes primarily net investments made in shopping centers, hypermarkets, supermarkets, and convenience stores operated by the Group as well as other corporate assets, such as logistics centers, offices, land for future developments, etc. "Investment properties" includes primarily assets earmarked for lease.

In accordance with the applicable regulatory financial reporting framework, the Group, at least at the reporting date, determines whether there is indicator that any of its properties may be impaired. For this purpose, the Group has all of its properties appraised by independent experts and estimates their recoverable amounts. The recoverable amount of each cash-generating unit is determined as the higher of its fair value less estimated costs to sell and its value in use.

We determined this to be a key audit matter due to the complexity of the process of identifying whether a property shows indications of impairment and of valuing properties to determine their recoverable amount for the purpose of determining whether they are impaired, which requires to make significant estimates (in particular, regarding the assumptions substantiating the generation of expected future cash flows and rents, reversion values, the discount rate, and the sensitivity analysis).

The main criteria applied in determining the recoverable amount of the assets included in "property, plant and equipment" and "investment properties" as well as any impairment and the corresponding impairment loss, where applicable, are described in notes 4.2.5 to the accompanying consolidated financial statements.

Our response

Our audit procedures related to this matter included:

- Understanding the process established by the parent's management to determine the recoverable amount of the assets include in "property, plant, and equipment" and investment properties," as well as evaluating the design and implementation of the relevant related controls.
- Evaluating, with the involvement of our valuation specialists, the methodology used to perform impairment tests, verifying its integrity in conformity with the applicable financial reporting framework, as well as the reasonableness of the main assumptions considered when estimating recoverable amount for a sample of assets. In addition, we evaluate the sensitivity of the results to reasonably possible changes in the key assumptions made.

- Checked, for a sample of assets, the accuracy of the calculations made to determine their recoverable amount.
- Reviewing the disclosures included in the notes to the consolidated financial statements and assessment of its compliance with the applicable financial reporting framework.

Recoverability of deferred tax assets

Description As explained in note 22.2 to the accompanying consolidated financial statements, the Group recognized deferred tax assets amounting to 694,766 thousand euros, at February 29, 2024.

In accordance with the Group's accounting policy explained in note 4.2.10 to the accompanying consolidated financial statements, deferred tax assets are recognized when it is considered probable that there will be sufficient future taxable income to enable their application.

The parent management's assessment of the recoverability of deferred tax assets entails making significant judgments regarding estimates of future taxable profit based on the tax group's financial projections and business plans, and contemplating applicable tax regulations at any given time.

We determined this to be a key audit matter due to the complexity of the judgments underlying management's projection of the tax group's business performance to determine the future taxable profits that substantiate the recovery of the recorded tax credits.

Our response Our audit procedures related to this matter included:

- Understanding the parent management's process established for assessing the recoverability of deferred tax assets, as well as evaluating the design and implementation of relevant controls.
- Evaluation of the reasonableness of the assumptions considered by the parent's management for the analysis of the recovery of deferred tax assets, focusing such evaluation on the economic and financial assumptions used to estimate future taxable profits.
- Assessing, with the involvement of our tax experts, the main assumptions made by the parent's management in connection with applicable tax regulations.
- Reviewing the disclosures included in the notes to the consolidated financial statements and assessment of its compliance with the applicable financial reporting framework.

Valuation of inventories

Description As stated in note 12 to the accompanying consolidated financial statements, the Group recorded inventories amounting to 1,855,385 thousand euros at February 29, 2024, which represent 13% of total assets valued as described in note 4.2.7 to the accompanying consolidated financial statements.

These inventories relate mainly to a high number of items from different categories (fashion, beauty, technology, decoration, household items, sport, etc.) which are sold in the various types of commercial establishments offered by the Group, as well as via its online sales platform. The items are stored primarily in the Group's points of sale and in its three main logistics centers. Given the nature of the Group's business, its inventories have high rotation and for a significant percentage, sale prices can vary substantially depending on the time of year (decreasing during sales seasons).

We determined this to be a key audit matter due to the complexity of the judgments made by the parent's management to determine the cost and net realizable value of inventories, as well as the complexity of the technological environment that supports this valuation, and, given the relevance of the balance of the "Inventories".

Our response

Our audit procedures related to this matter included:

- Understanding the parent management's inventory management and valuation process, evaluating the design and implementation of the related relevant controls and verification of the operational effectiveness of such controls, with the involvement of our information systems specialists.
- Checking that inventories were valued at cost or net realizable value, by performing substantive procedures for a sample of selected references.
- Reviewing the disclosures included in the notes to the consolidated financial statements and assessment of its compliance with the applicable financial reporting framework.

IT systems related to recognition of revenue from the Group's retail and travel businesses.

Description

As explained in note 23.1 to the accompanying consolidated financial statements, the Group earns most of its revenue from its retail and travel businesses. As a result, revenue is derived from a high volume of individual transactions for insignificant amounts when considered separately.

The recording of revenue from sales and the rendering of services pertaining to these business lines, both through the physical channel (network of shopping centers, hypermarkets, supermarkets, convenience stores, and other establishments) and through its online sales platform, are highly automated and processed by the interaction of several highly complex computer systems.

Given the heavy reliance on IT systems for the proper processing and recognition of revenues, it is essential to maintain an adequate control environment over these systems to ensure that they can be used in the most efficient way possible.

We determined this to be a key audit matter due to the relevance of the amounts involved, the high volume of transactions for individually insignificant amounts and the complexity and high automation of the IT systems supporting the revenue recognition process, which represent a higher risk of material misstatement and require a significant effort in our audit work.

Our response

Our audit procedures related to this matter included:

- Understanding the Group's revenue recognition process established for the retail and travel business lines, evaluation of the design and implementation of the related relevant controls, including general controls (access management, program changes and other general automated controls and backups) and automatic or application controls of those applications identified as crucial to the mentioned process, and verification of the operational effectiveness of such controls, with the involvement of our information systems specialists.
- Identifying and understanding the key IT systems that support the Group's revenue recognition process for the retail and travel business lines and related internal controls, by checking whether there are security policies in place, reading and analyzing the procedures established by the Group's IT department and evaluating its structure, governance and organization.
- Performing analytical procedures on the daily ledger of the Group's main subsidiaries to identify the possible existence of manual and/or unusual entries with an impact on revenue that may not have been recorded through the key computer applications that support the automatic revenue recognition process, verifying that these entries have been made by authorized personnel.
- Performing a transaction test on revenue earned in the year for a representative sample to match revenue to its respective cash inflows.
- Reviewing the disclosures included in the notes to the consolidated financial statements and assessment of its compliance with the applicable financial reporting framework.

Other information: Consolidated management report

Other information refers exclusively to the consolidated management report for the year ended February 29, 2024, the preparation of which is the responsibility of the Parent's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement has been provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining the information contained therein is consistent with that provided in the 2023 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and control committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with EU-IFRS, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and control committee is responsible for supervising the process for preparing and presenting the Group's consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with the audit and control committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and control committee of the Parent with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Parent's audit and control committee, we determine those that were of most significance in the audit of the consolidated financial statements for the current period, and that are therefore considered the key audit issues.

We describe these matters in our auditor's report unless legal or regulatory provisions preclude public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report for the Parent's audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control dated June 3, 2024.

Term of engagement

The Ordinary General Shareholders' Meeting held on July 21, 2023 appointed us as auditors for three years, commencing the year ended February 29, 2024.

Previously, we were appointed as auditors by the shareholders for three years and we have been carrying out the Audit of the financial statements continuously since the financial year ended on February 28, 2018.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signed in the original version)

Francisco Rahola Carral
(Registered in the Official Register of Auditors under No. 20597

June 3, 2024

Consolidated financial statements for the year ended 29 February 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EL CORTE INGLÉS GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

Assets	Note	29 February 2024	28 February 2023
Property, plant and equipment	5	8,312,331	8,394,051
Investment properties	6	506,790	476,192
Right-of-use assets	9.1	365,203	395,659
Goodwill	7	193,852	194,079
Other intangible assets	8	688,747	670,228
Non-current loans and other financial assets		10,394	11,669
Investments accounted for using the equity method	10	745,413	740,486
Non-current financial assets	11	167,431	152,080
Deferred tax assets	22.2	694,766	629,882
Total non-current assets		**11,684,927**	**11,664,326**
Non-current assets held for sale	4.2.15	13,440	13,904
Inventories	12	1,855,385	1,879,829
Trade and other receivables	13	383,742	386,204
Receivables from associates and related parties	24.1	2,935	4,880
Current tax assets	22.2	36,375	3,460
Investments in associates and related parties	24.1	8,034	32,291
Current financial assets	11	47,889	52,866
Other current assets		35,811	23,551
Cash and cash equivalents	14	133,360	183,087
Total current assets		**2,516,971**	**2,580,070**
Total assets		**14,201,898**	**14,244,396**

In €000.

Notes 1 to 27 are an integral part of the consolidated statement of financial position as at 29 February 2024

Consolidated financial statements for the year ended 29 February 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EL CORTE INGLÉS GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

Equity and liabilities	Note	29 February 2024	28 February 2023
Capital	15.1	454,601	454,601
Reserves		6,341,913	5,594,515
Profit for the year attributable to equity holders of the parent		479,573	870,150
Own shares	15.4	(566,137)	(498,047)
Valuation adjustments	15.5	24,842	34,191
Translation differences		11,285	8,375
Non-controlling interests	15.6	106,233	99,784
Total equity		**6,852,310**	**6,563,569**
Non-current provisions	16.1	141,196	118,427
Non-current notes and other marketable securities	17	-	80,632
Non-current bank borrowings	17	1,948,682	2,079,782
Non-current loans and borrowings from associates and related parties	24.1	48,343	48,739
Non-current lease liabilities	17 and 9.1	294,542	327,199
Other financial liabilities	17	23,994	3,012
Payables to fixed-asset suppliers		19,640	24,705
Deferred tax liabilities	22.2	838,102	846,363
Total non-current liabilities		**3,314,499**	**3,528,859**
Liabilities directly associated with non-current assets held for sale	4.2.15	10,416	-
Current provisions	16.1	69,121	105,028
Current notes and other marketable securities	17	220,453	302,634
Current bank borrowings	17	55,822	38,302
Current loans and borrowings from associates and related parties	24.1	31,521	40,663
Current lease liabilities	17 and 9.1	95,426	97,175
Other current financial liabilities	17	30,676	27,335
Payables to fixed-asset suppliers		91,634	78,241
Trade and other payables	21	3,369,819	3,427,338
Trade payables, associates and related parties	24.1	18,180	17,516
Current tax liabilities	22.2	14,421	6,787
Accruals		27,599	10,950
Total current liabilities		**4,035,089**	**4,151,968**
Total equity and liabilities		**14,201,898**	**14,244,396**

In €000.
Notes 1 to 27 are an integral part of the consolidated statement of financial position as at 29 February 2024

Consolidated financial statements for the year ended 29 February 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EL CORTE INGLÉS GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 29 FEBRUARY 2024

	Note	2023	2022 (*)
Revenue	23.1	14,440,150	13,754,052
Cost of goods sold	23.2	(9,702,174)	(9,367,245)
Personnel expenses	23.3	(2,520,785)	(2,353,409)
Operating expenses and other income	23.4	(1,135,984)	(1,082,033)
Depreciation and amortisation	5, 6, 8 and 9	(527,632)	(563,103)
Other gains/(losses)	5 and 8	(20,052)	(276,783)
Employee benefit obligations	16 and 4.2.13b	(39,698)	(85,418)
Operating profit		**493,825**	**26,061**
Finance income	23.5	8,730	8,642
Finance costs	23.5	(119,188)	(114,878)
Interest expense on leases	23.5	(16,694)	(15,567)
Change in fair value of financial instruments	11 and 9	153	(2)
Share of profit of companies accounted for using the equity method	10	60,938	593,348
Exchange differences		3,153	5,653
Other finance income	10	24,000	20,078
Net financial result		**(38,908)**	**497,273**
Profit before tax		**454,917**	**523,334**
Income tax expense		47,803	(101,385)
Net income from continuing operations	22.3	**502,720**	**421,949**
Profit after tax from discontinued operations	4.2.15	-	458,478
Net income		**502,720**	**880,427**
Profit/(loss) attributable to non-controlling interests	15.6	(23,148)	(10,277)
Net income attributable to equity holders of the parent		**479,572**	**870,150**

In €000.
Notes 1 to 27 are an integral part of the consolidated statement of profit or loss for the year ended 29 February 2024.
(*) Figures restated to reflect the change in the accounting policy (note 2.6)

Consolidated financial statements for the year ended 29 February 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EL CORTE INGLÉS GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024

	Note	2023	2022
Profit for the year as per statement of profit or loss (I)		**502,720**	**880,427**
Income and expense recognised directly in equity			
- Measurement of financial instruments at fair value through equity	15.5	522	458
- Cash flow hedges	19	(4,944)	42,783
- Translation differences		2,912	5,458
- Tax effect	22.2	1,103	(10,810)
Total income and expense recognised directly in equity (II)		**(407)**	**37,889**
Amounts reclassified to profit or loss			
- Measurement of financial instruments at fair value	15.5	(166)	-
- Cash flow hedges	19	(7,874)	4,265
- Translation differences		-	-
- Tax effect	22.2	2,010	(1,066)
Total amounts reclassified to profit or loss (III)		**(6,030)**	**3,199**
Total comprehensive income (I+ II+ III)		**496,283**	**921,515**
Total comprehensive income attributable to equity holders of the parent		**519,431**	**931,793**
Total comprehensive income/(loss) attributable to non-controlling interests		**(23,148)**	**(10,277)**

In €000.

Notes 1 to 27 are an integral part of the consolidated statement of comprehensive income for the year ended 29 February 2024.

Consolidated financial statements for the year ended 29 February 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EL CORTE INGLÉS GROUP

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2024

	Capital	Reserves		Total	Own shares	Reserves in consolidated companies	Profit/(loss) attributable to equity holders of the parent	Valuation adjustments and translation differences	Non-controlling interests	Total
		Legal reserve	Other reserves							
Balance at 28 February 2022	**454,601**	**97,373**	**4,462,601**	**4,559,974**	**(298,062)**	**725,964**	**120,203**	**27,886**	**89,604**	**5,680,170**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**870,150**	**41,088**	**10,277**	**921,515**
Transactions with shareholders	**-**	**-**	**491,633**	**491,633**	**285,715**	**(179,829)**	**(120,203)**	**-**	**-**	**477,316**
- Appropriation of 2021 profit	-	-	225,032	225,032	-	(179,829)	(120,203)	-	-	(75,000)
Dividends	-	-	-	-	-	-	(75,000)	-	-	(75,000)
Reserves	-	-	225,032	225,032	-	(179,829)	(45,203)	-	-	-
- Transactions with own shares (net) - note 15.4	-	-	266,601	266,601	285,715	-	-	-	-	552,316
- Capital reduction - note 15.4	-	(6,453)	3,241	(3,212)	(485,700)	(15)	-	(26,408)	(97)	(515,432)
Other changes in equity	**-**	**(6,453)**	**6,453**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Extraordinary dividends	-	-	-	-	(485,700)	-	-	-	-	(485,700)
- Other	-	-	(3,212)	(3,212)	-	(15)	-	(26,408)	(97)	(29,732)
Balance at 28 February 2023	**454,601**	**90,920**	**4,957,475**	**5,048,395**	**(498,047)**	**546,120**	**870,150**	**42,566**	**99,784**	**6,563,569**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**479,573**	**(6,439)**	**23,148**	**496,282**
Transactions with shareholders	**-**	**-**	**549,523**	**549,523**	**(68,090)**	**195,627**	**(870,150)**	**-**	**(16,896)**	**(209,986)**
- Appropriation of 2022 profit	-	-	549,523	549,523	-	195,627	(870,150)	-	(16,896)	(141,896)
Dividends	-	-	-	-	-	-	(125,000)	-	(16,896)	(141,896)
Reserves	-	-	549,523	549,523	-	195,627	(745,150)	-	-	-
- Transactions with own shares (net) - note 15.4	-	-	-	-	(68,090)	-	-	-	-	(68,090)
Other changes in equity	**-**	**-**	**(194)**	**(194)**	**-**	**2,442**	**-**	**-**	**197**	**2,445**
- Other	-	-	(194)	(194)	-	2,442	-	-	197	2,445
Balance at 29 February 2024	**454,601**	**90,920**	**5,506,804**	**5,597,724**	**(566,137)**	**744,189**	**479,573**	**36,127**	**106,233**	**6,852,310**

In €000.

Notes 1 to 27 are an integral part of the consolidated statement of total changes in equity for the year ended 29 February 2024.

Consolidated financial statements for the year ended 29 February 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EL CORTE INGLÉS GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 29 FEBRUARY 2024

	Note	2023	2022
Cash flows from operating activities (I)		**925,085**	**554,025**
Profit/loss for the year before tax from continuing operations		**454.917**	**523,334**
Profit/loss for the year before tax from discontinuing operations		**-**	**458.478**
Adjustments to profit:		**623,090**	**(169.706)**
- Depreciation and amortisation	5.6 and 8	527,632	563,103
- Impairment losses	5	40,027	275,579
- Change in provisions		47,242	110,079
- (Gains)/losses on derecognition and disposal of long-term assets	5	(10.917)	(111,320)
- (Gains)/losses on derecognition and disposal of financial instruments		(24,000)	(1,069,316)
- Finance income	23.5	(8,730)	(8,642)
- Finance costs		135.882	130,446
- Exchange differences		(3,155)	(5,653)
- Change in fair value of financial instruments	11 and 19	(153)	2
- Share of profit of companies accounted for using the equity method		(60.938)	(43,640)
- Other adjustments to profit		(19,800)	(10,344)
Working capital changes		**(29.101)**	**(95,587)**
- Inventories		24.444	(300,497)
- Trade and other receivables		(15.470)	(90,053)
- Other current assets		(19.586)	20,042
- Trade and other payables		(2.655)	263,908
- Other current liabilities		(1.583)	3.813
- Other non-current assets and liabilities		(14,251)	7,200
Other cash flows used in operating activities		**(123.821)**	**(162,494)**
- Interest paid		(117,934)	(125,925)
- Dividends received		67,814	33,814
- Interest received		7.115	8,638
- Income tax received (paid)		(46.391)	(4,141)
- Other receipts / (payments)		(34,425)	(96,489)
- Cash flows from operating activities of discontinued operations		-	21,609
Cash flows from/(used in) investing activities (II)		**(390,737)**	**583,841**
Payments for investments		**(482.022)**	**(428,949)**
- Group companies and associates		(899)	-
- Intangible assets	8	(153,658)	(153,458)
- Property, plant and equipment	5	(323,049)	(248,975)
- Investment properties	6	(1.952)	(2.516)
- Other financial assets		(2.464)	(24,000)
Proceeds from sale of investments		**91.285**	**1,012,790**
- Associates and other related parties		16.107	699.244
- Intangible assets, property, plant and equipment and investment properties		48.477	313,398
- Other financial assets		26,701	148
Cash flows used in financing activities (III)		**(587,473)**	**(1,119,398)**
Proceeds from and payments for equity instruments		**(55.758)**	**42,074**
- Acquisition of own equity instruments		(55.758)	(518,384)
- Disposal of own equity instruments		-	555.000
- Translation differences		-	5,458
Proceeds from and payments for financial liability instruments		**(392.365)**	**(1,083,245)**
- Repayment of notes and other marketable securities		(162.813)	(1.379.332)
- Repayment of bank borrowings		(248.263)	-
- Repayment and redemption of borrowings from group companies and associates		(9.547)	(70,201)
- Repayment of other borrowings		(17.277)	-
- Issuance of notes and other marketable securities		-	107,143
- Issuance of bank borrowings		160.714	390,307
- Issuance of other borrowings		-	11.069
- Lease payments (IFRS 16)		(115.179)	(142,229)
Dividends and interest paid on other equity instruments		**(139.350)**	**(78,230)**
- Dividends		(141.896)	(75,000)
- Other equity instruments		2,546	(3,230)
Effect of changes in exchange rates on cash and cash equivalents (IV)		**3,398**	**5,653**
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		**(49,727)**	**24,119**
Cash and cash equivalents, opening balance		183,087	158,968
Cash and cash equivalents, closing balance		133,360	183,087

In €000.

Notes 1 to 27 are an integral part of the consolidated statement of cash flows for the year ended 29 February 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 February 2024

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EL CORTE INGLÉS GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2024

1. CORPORATE INFORMATION

El Corte Inglés, S.A. (the "Parent", the "Company" or "El Corte Inglés") was incorporated in Spain in accordance with the Public Limited Companies Act (*Ley de Sociedades Anónimas*). Its registered office is located in Madrid, at calle Hermosilla, 112.

The core business of El Corte Inglés, S.A. and its consolidated subsidiaries and associates is the retailing of consumer goods and the provision of a wide range of services (e.g., Travel Group, insurance brokerage, security services, logistics, financial services) through a network of department stores, hypermarkets, supermarkets, convenience stores, agencies and digital platforms.

The Parent is the head of a group of subsidiaries and under current legislation is obliged to prepare separately consolidated financial statements, which include interests in joint ventures and investments in associates. The consolidated financial statements of El Corte Inglés Group ("the Group") for the year ended 29 February 2024 (hereinafter the "2023" consolidated financial statements) were authorised for issue by the Parent's Board of Directors at its meeting held on 29 May 2024 and will be submitted for approval at the Annual General Meeting. They are expected to be approved without modification. The 2023 consolidated financial statements were approved at the Annual General Meeting of El Corte Inglés, S.A. held on 26 July 2023 and duly filed with the Madrid Companies Register.

The financial year of El Corte Inglés, S.A. and most of its subsidiaries commences on 1 March each year and ends on 28 February the following year (or 29 February in leap years). However, the financial year of certain subsidiaries and associates is the calendar year. Information on the companies consolidated by El Corte Inglés Group (none of which are publicly traded) at 29 February 2024 is presented in Appendix I, which is an integral part of these consolidated financial statements.

El Corte Inglés Group carries out the majority of its business in Spain (note 20.1).

2. BASIS OF PREPARATION AND BASIS OF CONSOLIDATION

2.1 Basis of preparation

El Corte Inglés Group's consolidated financial statements for the year ended 29 February 2024 have been prepared on the basis of the accounting records kept by El Corte Inglés, S.A. (the "Parent") and by the other entities comprising the Group and were authorised for issue by the Parent's Board of Directors at its meeting held on 29 May 2024, to give a true and fair view of the consolidated equity and financial position of the Group at 29 February 2024 and the consolidated results of its operations, and changes in consolidated equity and consolidated cash flows, for the year then ended.

The accompanying financial statements were prepared in accordance with the applicable financial reporting framework and, in particular, International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council. Note 4.2 summarises the most significant mandatory accounting policies and measurement criteria applied and the alternative treatments permitted by the standards and note 4.1 itemises the standards and interpretations issued but not yet effective as at the date of authorisation for issue of the accompanying consolidated financial statements.

Since the accounting policies and measurement criteria used in preparing the Group's 2023 consolidated financial statements (International Financial Reporting Standards) differ from those used by the consolidated entities (local GAAP), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards adopted in Europe.

The accompanying consolidated financial statements are expressed in thousands of euros, unless indicated otherwise. Foreign transactions are accounted for in accordance with the policies explained in note 4.2.9.

These consolidated financial statements omit information or disclosures that are not prescribed for their qualitative importance or not considered material in accordance with the definition of materiality in the IFRS Conceptual Framework.

2.2 Accounting policies

The directors of the Parent have authorised the issuance of the accompanying consolidated financial statements taking into account all the mandatory accounting policies and standards, and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by regulations, which are specified in note 4.2.

2.3 Accounting estimates

The information in these consolidated financial statements is the responsibility of the directors of the Parent.

In preparing the consolidated financial statements, estimates were used to measure certain of the assets, liabilities, income, expenses and commitments recognised therein. Those estimates basically refer to:

- The assessment of potential impairment losses on certain assets, including goodwill (note 4.2.5)
- The estimate of net realisable value of inventories (note 4.2.7).
- The calculation of provisions, including amounts to cover tax contingencies, and the outcome of ongoing litigation (note 4.2.12)
- The recoverability of deferred tax assets (note 4.2.10)
- The consideration of options to terminate or extend leases in determining the lease liability and the related right-of-use asset (note 4.2.6)
- The fair value of certain financial instruments (Note 11)
- The estimate of certain employee benefit obligations (note 4.2.13)

Although these estimates were made on the basis of the best information available as at 29 February 2024 regarding the facts analysed, future events could make it necessary to revise these estimates in future periods. In accordance with IAS 8, the effect of a change in accounting estimates is recognised prospectively by including it in profit or loss, unless it relates to an error or change in accounting policy.

2.4 Comparative information

As required under IAS 1, the information contained in these consolidated financial statements in respect of 2022 is provided to enable the reader to compare it with that relating to 2023 and does not, therefore, constitute the Group's 2022 consolidated financial statements.

In 2023, as disclosed in note 2.6, the Group has made certain changes related to the classification of different concepts in the statement of profit and losses, , so the figures in the accompanying consolidated statement of profit and loss have been restated. (note 2.6).

2.5 Aggregation of items

Certain items in the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows have been

aggregated with other items to make them easier to understand. However, whenever the amounts involved are material, the information is disclosed separately in the related notes to the consolidated financial statements.

2.6 Changes in accounting policies and corrections of errors

As outlined in note 4.2.2011, the Group's revenue is generated above all by retail sales of consumer goods to end customers through its network of department stores, other smaller formats and digital platforms.

Group management reassessed the accounting treatment of sales in the retail business to provide the most faithful depiction of its activity, prompted by trends in the retail business and the operation of business relationships with suppliers, as well as changes in market trends.

In doing so, it reassessed the indicators outlined in IFRS 15 for determining whether the entity acts as agent or principal. These indicators, designed to determine whether control over the products sold exists, are:

1. The entity is primarily responsible for fulfilling the promise to provide the specified good or service.

2. The entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return).

3. The entity has discretion in establishing the price for the specified good or service.

Based on this assessment the Group concluded that the most faithful depiction of El Corte Inglés Group's activity is to account for all sales of the Retail business at their gross amount, except those arising from its relationship with a small number of high-end suppliers and its business through other channels. For these, based on the Group's business performance and contractual terms and conditions, the assessment of the above-mentioned indications determined that these sales should be recorded at their net amount.

In accordance with IAS 8, El Corte Inglés Group adjusted comparative data for 2022 accordingly. The impact of this change was as follows:

Item	2022	Effect of change in accounting policy	2022 (*)
Revenue	14,068,721	(314,669)	13,754,052
Cost of goods sold	(9,681,914)	314,669	(9,367,245)
Other operating income and expense	(1,082,033)	-	(1,082,033)
Employee benefits expense	(2,353,409)	-	(2,353,409)
Depreciation and amortisation	(563,103)	-	(563,103)
Other gains/(losses)	(362,201)	-	(362,201)
Operating profit	**26,061**	**-**	**26,061**

(*) Figures restated for the change in the accounting policy for revenue recognition

On the other hand, the Group decided to adapt the presentation of its comparative consolidated statement of profit or loss for 2022 to align it with standard practices as provided for in the framework set out in IFRS and, specifically, IAS 1.

The adaptations made were as follows:

- The amount presented under "Profit/(loss) after tax from discontinued operations", which was previously shown before "Profit/(loss) before tax", now appears after "Profit/(loss) for the year from continuing operations".
- The impact of the revaluation of El Corte Inglés' 49.99% shareholding in the insurance business (see note 4.2.15), which amounted to €549.7 million and was included under "Profit/(loss) after tax from discontinued operations" in the 2022 consolidated statement of profit or loss, is now presented under "Share of profit/(loss) of companies accounted for using the equity the method".

This change did not have any impact on operating profit or net profit in 2023 and 2022.

2.7 Main impacts for the year

2.7.1 Macroeconomic and political environment

Russia's invasion of Ukraine on 24 February 2022 marked the start of a period of extraordinary uncertainty marked by the juxtaposition of a number of negative situations, including global supply chain friction and higher energy prices. Since October 2023, the ongoing conflict in the Middle East has generated significant geopolitical uncertainty; tensions in the region could affect economic stability worldwide.

The inflationary pressures originated by the bottlenecks associated with the rapid recovery from the pandemic were accentuated by two phenomena that are closely related with Russia's invasion of Ukraine and the conflict in the Middle East: (i) the energy crisis; and (ii) sharp growth in food prices.

Despite the political upheaval, the macroeconomic landscape in Spain was positive, with GDP and private consumption growth outperforming the eurozone average. Other highlights include double-digit growth in tourism. Meanwhile, inflation eased, but is still running at over 3%.

Despite this backdrop, the Group showcased its huge resilience in 2023 to mitigate the impact of inflation, bolstering the distribution chain in the face of temporary shortages and disruptions in the supply chain, cutting costs further, increasing process digitalisation and providing better services to end customers. Overall, in 2023 the Group delivered its best set of recurring earnings in the last 15 years.

Official monetary policy was a key market driver in 2023, with central banks hiking interest rates but still not quite achieving the target inflation rates. The trends in these factors remain key in 2024, but the outlook is for a moderate drop in interest rates.

Although economic growth is slowing and looks set to continue to do so in the short term, private consumption remains robust and a key driver. Indicators for 2024 suggest the Spanish economy will continue to outperform the eurozone average.

On the financial front, the Group is facing this economic situation with its lowest level of debt of the past 15 years, with long-term maturities (note 17) and interest rate hedges to largely neutralise the impact of interest-rate hikes (note 19).

As part of the strategy of driving customer satisfaction and confidence, implementation of the process digitalisation plan continued in a bid to streamline management by means of new and improved procurement systems, advanced data analysis and logistics automation models and reinforced cybersecurity capabilities, which are key to the development of our business model.

In 2022, under the umbrella of the retail sector's collective bargaining agreement, the Group agreed wage increases of 14% between 2023 and 2026, which are in the process of being implemented. Also in 2022, the Company embarked on a workforce restructuring process for the transfer of central and regional service professionals to the sales establishments, as well a voluntary redundancy scheme for employees over the age of 59 (note 16.1), with the ultimate aim of enhancing customer service by reinforcing the stores to cater to the prevailing healthy momentum in sales.

2.7.2 Going concern

At 29 February 2024, El Corte Inglés Group had negative working capital (including non-current assets and liabilities directly associated with non-current assets held for sale) – a common situation among retailers and travel agencies – amounting to €1,518.12 million (28 February 2023: €1,571.90 million).

El Corte Inglés Group's directors have prepared the consolidated financial statements on a going concern basis. They believe that based on the recurring operating profit obtained, the Group's robust financial position thanks to actions taken in recent years, and its wealth of real estate and financial assets should enable the Group to meet its short-term payment obligations on time and address any potential revenue shortfall caused by the geopolitical and/or inflation crisis.

The Parent's directors also consider that the cash flow generated by the business, the cash position and available funding will be sufficient to meet its current liabilities. The Group generated a profit in 2022 and, according to the latest strategic plan approved by management, expects earnings momentum to continue in the coming years.

Consequently, El Corte Inglés Group's directors have prepared the accompanying consolidated financial statements on a going concern basis.

2.8 Basis of consolidation

2.8.1 Consolidation and equity method

All companies over which the Parent has control according to IFRS 10 have been fully consolidated. In joint arrangements between the Group and one or more unrelated parties to manage an investee where the parties act together to direct the relevant activities and decisions about the relevant activities require the unanimous consent of the parties sharing control, the Group assesses whether it directly has rights and obligations for its proportionate interest in the assets and liabilities of the arrangement (joint operation) or it only has rights to the net assets of the arrangement (joint venture). The Group does not have any entities classified as "joint operations" (mostly temporary joint ventures) with a significant impact on these consolidated financial statements.

Joint ventures or companies over which the Group has significant influence (associates) are accounted for using the equity method (notes 2.8.3 and 2.8.4).

2.8.2 Subsidiaries

Subsidiaries are investees over which the Parent has the power to exercise effective control, which is presumed to exist if: it has power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of its returns.

Subsidiaries are fully consolidated.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition (the consideration transferred) is the acquisition-date (see IFRS 3 *Business Combinations*) fair values of the assets transferred, the liabilities incurred or assumed, and any equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Any excess of the cost of acquisition over the fair value of the identifiable net assets is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets, i.e. in a bargain purchase, the gain is recognised directly in profit on the acquisition date.

The results of subsidiaries acquired during the year are included in the consolidated statement of profit or loss from the effective date of acquisition to the year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated statement of profit or loss from the beginning of the year up to the date of disposal.

Any third-party interest in the equity of the Group's investees is presented under "Non-controlling interests" in the consolidated statement of financial position within Group equity. Meanwhile, its interest in profit or loss for the period is presented under "Profit/(loss) attributable to non-controlling interests" in the consolidated statement of profit or loss.

In acquisitions of non-controlling interests, the difference between the consideration paid and the proportionate share of the carrying amount of the subsidiary's net assets is recognised in equity. Gains or losses on disposals of non-controlling interests are also recognised in equity.

2.8.3 Joint ventures

"Joint ventures" are contractual arrangements whereby two or more entities have interests in entities and any strategic financial or operating decisions affecting them require the unanimous consent of all the venturers, provided the joint arrangements only have rights to the net assets of the arrangement.

Companies considered to be "joint ventures" are accounted for using the equity method (note 2.8.4).

2.8.4 Associates

"Associates" are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

In the consolidated financial statements, investments in associates (and joint ventures, defined in note 2.8.3) are accounted for using the method, in proportion to the Group's share of the net assets of the associate (and joint venture), after adjusting for dividends received and other equity eliminations.

The portion of the cost that exceeds the Group's share of the fair value of the associate's net assets at the acquisition date is recognised implicitly as goodwill. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair values of the associate at the acquisition date over the cost of the investment is included as income.

The Group's share of an associate's net profit or loss is included in the consolidated statement of profit or loss under "Share of profit/(loss) of companies accounted for using the equity method".

If as a result of losses incurred by an associate its equity were negative, the Group would reduce the carrying amount of its investment in the consolidated statement of financial position to zero, unless the Group has an obligation to provide financial support to the associate.

2.8.5 Intragroup eliminations

All balances receivable and payable and transactions carried out between and among subsidiaries, associates and joint ventures were eliminated on consolidation in accordance with the financial reporting framework applicable to the Group.

2.8.6 Uniformity of measurement

The consolidation of the entities comprising the consolidation scope was carried out on the basis of their respective separate financial statements, which are prepared under the Spanish General Accounting Plan for companies resident in Spain and local GAAP for the foreign subsidiaries. The directors have made all the material adjustments needed to adapt these separate financial statements to IFRSs and/or to align them with the Parent's accounting policies as part of the consolidation process.

2.8.7 Companies with a different reporting date

Companies with a different reporting date have been consolidated in the financial statements at their reporting date (31 December 2023) (Appendix I). Uniformity of timing adjustments are made to transactions between the

reporting date of these subsidiaries and the date of the consolidated financial statements where they are material.

2.8.8 Translation of foreign currency financial statements

2.8.8.1 Functional and presentation currency

Transactions and balances of El Corte Inglés Group entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Parent and the main subsidiaries.

2.8.8.2 Transactions and balances

Transactions in foreign currency are translated into the of presentation currency using the spot rates of exchange at the dates of the transactions. Foreign exchange gains and losses arising on the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currencies at closing rates are recognised in profit or loss.

2.8.8.3 Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency using the following procedures:

- Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;

- Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates at the dates of the transaction); and

- All resulting exchange differences, i.e., the differences resulting from the application at the end of each reporting period of the closing rates to assets and liabilities and average rates to items of income and expenses (or the spot rates of exchange on the dates of the transactions, as appropriate) are recognised in equity, under "Translation differences".

On the disposal of a foreign operation, the exchange differences relating to that foreign operation are recognised in the statement of profit or loss as part of the gain or loss on the disposal.

Any goodwill arising on the acquisition of a foreign operation and fair value adjustments to the net assets arising on the acquisition of that foreign entity are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8.9 Changes in consolidated group

The main changes in Group structure in 2023 were as follows:

- Global Portal Bookings: on 20 June 2023, Group company Aperture Travel S.L. acquired a 28.14% shareholding in Global Portal Booking, S.L. and, subsequently, carried out a rights issue, which was fully subscribed by that Group company, leaving it with a 50.99% stake. The transaction gave rise to provisional goodwill in an amount of €0.74 million (note 7). The definitive purchase price allocation is becoming completed and the final amount will be recognised within the one year period provided for in accounting standards.

- Sociedad de Ahorro e Inversión ECI Agencia de Valores S.A. was incorporated, in which the Parent has a 49.99% shareholding after payment of €1.71 million (note 10).

- On 23 June 2023, the sale of its 50% interest in Lecius, S.L. was completed. The transaction did not have a significant impact on the 2023 consolidated statement of profit or loss.

- During the year, 100% stakes were acquired in ECI Puerta del Sol 1, S.L. and ECI Puerta del Sol 2, S.L., owners of the properties located at Puerta de Sol, 9 (Madrid).

The main changes in Group structure in 2022 were as follows:

- As at 28 February 2022, the assets classified liabilities of the insurance business were classified in the consolidated statement of financial position as non-current assets and non-current liabilities directly associated with non-current assets held for sale, and its operations were classified as discontinued operations in accordance with IFRS 5 following the signing of the agreement with Grupo Mutua Madrid. Lastly, once approval was received from the competent authorities, the transaction with Mutua Group was signed and executed on 31 May 2022. The insurance business ceased to be fully consolidated and the 49.99% stake, over which the Group has significant influence, was accounted for using the equity method.

3. APPROPRIATION OF PARENT COMPANY INDIVIDUAL PROFIT

The appropriation of the Parent company's individual profit proposed by the directors to be submitted for approval at the Annual General Meeting is as follows:

Item	€ 000
Dividends	160,000
Voluntary reserves	211,881
Total	**371,881**

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Adoption of new standards and interpretations issued

4.1.1 Standards and interpretations effective in the current period

The following accounting standards, amendments and interpretations became effective in 2023 and were applied in the preparation of the consolidated financial statements:

Standards and amendments	Description	Mandatory effective date
Amendments to IAS 1 *Disclosure of Accounting Policies*	**The amendments permit entities to disclose material accounting policy information.**	**1 January 2023**
Amendments to IAS 8 *Definition of Accounting Estimates*	**Amendments and clarifications to help distinguish a change in an accounting estimate from a change in accounting policy.**	**1 January 2023**
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	**The amendments clarify how to recognise deferred tax assets and liabilities arising from a single transaction such as leases.**	**1 January 2023**
IFRS 17 *Insurance Contracts* and amendments	**IFRS 17 requires an entity to recognise the profit from a group of insurance contracts over the period the entity provides the services. Issued in May 2017 and amended in June 2020 and December 2021.**	**1 January 2023**
Amendments to IAS 12 *International tax reform – Pillar Two*	**This amendment introduces a mandatory temporary exemption to the accounting for deferred taxes in IAS 12 in relation to the international implementation of the Pillar Two model rules.**	**1 January 2023**

Application of these standards and amendments did not have a significant impact on the figures presented in the Group's consolidated financial statements or the disclosures in the notes thereto because they either did not imply material changes or did not apply to the Group's transactions.

4.1.2 Standards and interpretations issued but not yet effective

As at the date of authorisation for issue of these consolidated financial statements, the most significant standards and interpretations that had been issued by the IASB but which were not yet effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union, are disclosed below:

Standards and amendments	Description	Mandatory effective date
Adopted by the EU		
Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*	**Amendments to IFRS 16 include additional measurement requirements for sale and leaseback transactions.**	**1 January 2024**
Amendments to IAS 1 *Classification of Liabilities as Current and Non-current*	**The amendments clarify a criterion of IAS 1 for classifying a liability as non-current**	**1 January 2024**
Amendments to IAS 1 *Non-current Liabilities with Covenants*	**The amendments improve the information a company should provide when its right to defer settlement of a liability for at least 12 months is subject to covenants**	**1 January 2024**
Not adopted by the EU		
Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*.	**The amendments add specific disclosure requirements for supplier finance arrangements**	**1 January 2024**
Amendments to IAS 21 *Lack of Exchangeability*	**This amendment establishes an approach specifying when a currency is exchangeable into another currency and, when it is not, determining the exchange rate to use.**	**1 January 2025**

El Corte Inglés Group intends to adopt these standards, if applicable, when they become effective. The Parent's directors estimates that their potential application will not have a material impact on the Group's consolidated financial statements or the disclosures presented in the notes to the Group's consolidated financial statements.

4.2 Recognition and measurement standards

4.2.1 Goodwill

Business combinations in which the Group acquires control over one or several businesses are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations*.

Any excess of the cost of equity investments in consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- Where the excess can be allocated to specific assets of the company acquired: by increasing the value of the assets (or reducing the value of the liabilities) whose fair values were higher (lower) than the carrying amounts at which they had been recognised in the acquirees' statements of financial position and which were treated similarly to the Group's same assets (liabilities): depreciation, amortisation, accruals, etc.

- If the excess can be allocated to specific intangible assets, those intangible assets are explicitly recognised in the consolidated statement of financial position to the extent that their acquisition-date fair value can be measured reliably.
- The remaining amount is recognised as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Any goodwill arising on the acquisition of a foreign operation whose functional currency is not the euro is measured in the acquiree's functional currency and translated to euros at the spot rate of exchange at the reporting date.

Goodwill is not amortised, but is subject to an impairment test at least annually (note 4.2.5).

4.2.2 Other intangible assets

Other intangible assets include assets without physical substance, non-monetary assets and specifically identified intangible assets acquired from a third party or developed by the Group. Only assets whose cost can be estimated objectively and from which future economic benefits are expected are recognised.

Intangible assets are initially recognised at acquisition or production cost and subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Borrowing costs accrued during the financing of software development projects that take more than one year to get ready for use are capitalised as an increase in the value of the assets until the project enters into operation.

An intangible asset is regarding as having an "indefinite useful life" when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. In all other cases, it is regarded as having a "finite useful life".

The Group's only intangible assets with indefinite useful lives relate to goodwill and the value of certain trademarks, which amounted to €193.85 million (2022: €194.08 million) and €4.30 million (2022: €4.39 million, respectively, included under "Goodwill" and "Other intangible assets", respectively (notes 7 and 8).

Based on an analysis of all the relevant factors, the Group has determined that there is no foreseeable limit to the period over which its trademarks will generate net cash inflows for the Group. Therefore, it determines that they have indefinite useful lives.

Intangible assets with finite lives are amortised on a straight-line basis applying rates calculated based on the estimated useful lives of the related assets.

Intangible assets with indefinite lives are not amortised, but are tested for impairment at least annually, using the same criteria as are used to test goodwill for impairment (note 4.2.5).

The Group recognises any impairment loss on the carrying amount of these assets in "Other gains/(losses)" in the consolidated statement of profit or loss. The criteria used to recognise impairment losses on these assets and any potential reversal of a previously recognised impairment loss are described in note 4.2.5.

a) Development expenditures:

Research costs are expensed as incurred.

Development expenditures are recognised as an intangible asset if the Group can demonstrate all of the following:

- That the assets are individually itemised by project;
- The expenditure to develop the asset can be measured reliably; and
- The asset created will generate probable future economic benefits.

Capitalised development costs are amortised on a straight-line basis over their useful life (up to a maximum of five years).

If there is any doubt regarding the technical feasibility of a project or that it will generate economic benefits, the related expenses are recognised immediately in profit or loss.

b) Industrial property:

Industrial property includes amounts paid to acquire the property or the right to use it in its various forms (patents, trademarks, licences) or the expenditure incurred by the Group for its development.

Patents and trademarks are measured on initial recognition at cost and amortised on a straight-line basis over their estimated useful lives, except for trademarks considered to have an indefinite useful life, which are subject to annual impairment testing.

Other assets classified as "Industrial property" are considered to have a finite useful life and are amortised generally over a period of five years.

c) Service concession arrangements:

Service concession arrangements may only be included in assets when they have been acquired by the Group for consideration, in the case of transferable concessions, or for the amount of expenses incurred to obtain them directly from the grantor.

The service concession arrangements recognised by the Group as assets include the amounts paid to acquire the rights to build and operate certain premises and are amortised on a straight-line basis over the term of the arrangement (between 20 and 99 years).

d) Software:

Costs incurred to acquire and develop the Group's basic management information systems are capitalised within "Other intangible assets" in the consolidated statement of financial position.

Software maintenance costs are expensed as incurred.

Software is amortised on a straight-line basis over five years from when each application is brought into use.

e) *Key money*:

Key money is measured at the amount paid on acquisition and amortised over the period in which it is expected to generate income; i.e. 10 years.

4.2.3 Property, plant and equipment

Property, plant and equipment acquired for use in the production or supply of goods or services, or for administrative purposes, are shown in the consolidated statement of financial position at cost of acquisition or production less accumulated depreciation and any accumulated impairment losses.

Costs incurred to enlarge, upgrade or improve property, plant and equipment which increase productivity, capacity or extend the useful life of the asset are capitalised as an increase in the related asset. Cost includes professional fees, and borrowing costs incurred to finance a project during the construction period that takes more than one year until the asset is reclassified to the appropriate item of property, plant and equipment.

The interest rate used is the Group's average borrowing cost.

Upkeep and maintenance costs are expensed in the period in which they are incurred.

For assets retired due to upgrades or for any other reason, the carrying amounts of the related costs and accumulated depreciation are derecognised.

The cost of self-constructed items of property, plant and equipment is recognised at accumulated cost (external costs plus internal costs determined on the basis of warehouse materials consumed in-house and manufacturing costs incurred).

Property, plant and equipment are depreciated using the straight-line method, distributing the cost of the assets over their estimated useful lives, as follows:

Item	Years
Buildings	33 – 85
Machinery, plant and tools	3.5 – 17
Furniture and fixtures	3.5 – 15
Computer equipment	4 – 6
Vehicles	5 – 15

The gain or loss arising from the disposal or derecognition of an item of property, plant and equipment is calculated as the difference between the selling price and the carrying amount of the asset and included in profit or loss and is recognised in "Other gains/(losses)" in the consolidated statement of profit or loss.

4.2 Investment properties

Investment properties in the accompanying consolidated statement of financial position reflects the values of the land, buildings and other structures held to earn rentals or for capital appreciation.

Investment properties are presented at cost, using the same criteria as for similar items of property, plant and equipment (note 4.2.3).

Rental income from the lease of investment properties amounted to approximately €19.77 million in 2023 (2022: €19.36 million), recognised under "Other operating income and expenses" in the accompanying consolidated statement of profit or loss.

4.2.5 Impairment of non-current assets

At the end of reporting period and whenever there are indications of a decrease in value, the Group assesses the recoverability of the carrying amounts of its property, plant and equipment, investment properties and intangible assets (including goodwill) by performing an "impairment test". Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually or more frequently if there are indications that the asset may be impaired.

The Group's main cash-generating units (CGUs) are each of the retail premises (department stores, hypermarkets, supermarkets and agencies).

The rest of the Group's assets (e.g. offices, warehouses, logistics centres) are treated separately, as explained in this note.

The recoverable amount is the higher of the asset's fair value (determined based on independent expert appraisals) less estimated costs of disposal and its value in use.

If the estimated recoverable amount of an asset (or CGU) is less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense in "Other gains/(losses)" in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years.

Goodwill is tested for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) at the end of each reporting period, and any impairment loss is recognised. An impairment loss recognised for goodwill may not be reversed in a subsequent period.

For trademarks, which have an indefinite useful life, recoverable amount has been determined as their value in use, using cash flow projections based on budgets generally covering a period of five years.

4.2.5.1 Value in use

Value in use is calculated for each CGU based on estimated future cash flows discounted at a rate that reflects current market assessments of the time value of money adjusted for the risks specific to the asset that have not been incorporated into the cash flow estimates.

The Group draws up cash flow forecasts for a CGU generally covering a period of five years based on the best estimates available of revenue and expenses using industry forecasts, past experience and future expectations (e.g. corporate budgets, business plans), and macroeconomic indicators that reflect each market's current and foreseeable economic situation. These estimates are prepared internally by El Corte Inglés management based on past experience and observable trends.

Taking into account strategic objectives and trends in macroeconomic indicators (e.g., population, inflation, GDP), Group management considers the weighted average sales growth rate for the next five years to be consistent with past experience.

Terminal value is calculated as a function of normalised cash flow in the last year of the projection period, extrapolated at a rate of growth in perpetuity that in no case is higher than prior years' growth rates. The cash flows used to calculate the terminal value factor take into account the maintenance capital expenditure required to ensure the business's continuity at the forecast growth rate.

Cash flow are discounted using an after-tax rate based on the weighted average cost of capital, adjusted for country risk, business risk and other variables contingent on the current market situation. The average after-tax discount rate applied varies by business and country. For the Group's main assets, it was 8.1% in 2023 and 8.6% in 2022.

4.2.5.2 Fair value

For assets whose fair value is determined based on independent expert appraisals, the Parent's management and the appraisers choose the fair value measurement method that best reflects the reality of the market for the assets and its strategic or non-strategic importance for the Company. Specifically, the RICS standards (recognised by The European Group of Valuers and The International Valuation Standards Committee) are used to determine the fair value of the portfolio of department stores, offices, logistics and other assets. For most of the department stores, offices and warehouses, it uses the discounted cash flow (DCF) method.

The appraisals of the department stores, offices, logistics centres and other property assets in 2023 by independent experts amounted to €15,500.15 million (2022: €16,006.90). The decrease in appraisal value was because the good operating performance of the various commercial formats offset the significant increase in yields.

4.2.5.3 Sensitivity analysis

The Parent's management performs a sensitivity analysis, especially the sensitivity to the discount rate used and the terminal growth rate, to ensure that changes in estimates of these rates will not have a material effect on the recoverable amount of the assets tested for impairment. Specifically, the following assumptions were used:

- A 50bp increase/decrease in the discount rate. For assets whose recoverable amount was determined based on fair value, this would result in an increase or decrease in impairment of €3.75 million or €2.31 million, respectively. For assets whose recoverable amount was determined based on value in use, this would result in an increase or decrease in impairment of €70.99 million or €66.59 million, respectively.

- A 0.5% increase/decrease in the rate of growth in perpetuity. For assets whose recoverable amount was determined based on value in use, this would result in an increase or decrease in impairment of €50.29 million or €62.44 million, respectively.

- A 5% increase/decrease in the projected cash flows. For assets whose recoverable amount was determined based on value in use, this would result in an increase or decrease in impairment of €49.11 million or €55.68 million, respectively.

The results of these sensitivity analyses taking the assumptions separately did not give rise to the existence of a significant impairment loss or reversal thereof in addition to the carrying amounts of the assets presented in the consolidated financial statements.

4.2.6 Leases and right-of-use assets

Group as lessee

The Group leases its retail premises, travel and insurance agencies, computer equipment and other assets (e.g. offices, car parks and vehicles). It applies a single recognition and measurement approach for all leases in which it is lessee except for short-term leases and leases of low-value assets.

Right-of-use assets

El Corte Inglés Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities (note 4.2.5.1). The initial cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lease term unless the useful life of the asset is shorter than the lease term or when it expects to exercise the purchase option or the assets can be relocated, in which case the depreciation period is the same as the useful life of the asset.

The depreciation rates for each type of underlying asset as classified by the Group are as follows:

- Retail premises: 1 to 32 years.
- Travel and insurance agencies: 1 to 5 years.
- Computer and other equipment: 1 to 3 years.
- Other: 1 to 12 years.

However, where the Group considers it reasonably certain that it will obtain ownership of the leased asset at the end of the lease term or that it will exercise any purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. Right-of-use assets are tested for impairment.

The Group's leases do not include significant obligations to dismantle or restore assets.

Right-of-use assets are presented in a separate line item in the consolidated statement of financial position.

Lease liabilities

At the commencement of a lease, the Group recognises a liability for lease payments, including extensions if it is reasonably certain that it will exercise the option, and the right to use the underlying asset during the lease term.

Lease liabilities are recognised under "Lease liabilities" and include fixed payment commitments (including payments that contractually contain variability but are in-substance fixed payments) and any initial or future payments that are highly likely to be made (e.g. direct costs incurred in obtaining the lease or penalties), less lease incentives and excluding variable payments that depend on the future measurement of a variable. Lease liabilities are measured at amortised cost discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for that lease. The liability is discounted using the effective interest rate and reduced by the lease payments made.

The lease liability is remeasured, generally as an adjustment of the right-of-use asset, when there are subsequent changes to the lease agreement, e.g. in the following cases: a change in the lease term, a change in future lease payments resulting from a change in an index used in the lease, a modification of future payments, etc. The lease liability is remeasured using a revised discount rate when there are modifications to the lease term or substantial modifications to the scope of the lease.

Judgements made in determining the lease term

The Group determines the lease term as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, and periods covered by an option to terminate the lease, if it is reasonably certain not to exercise that option.

The Group has the option in certain contracts to lease the assets for additional periods under standard market clauses. The Group assesses whether it is reasonably certain to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The Group included the renewal period as part of the lease term for leases of retail premises and other facilities due to the importance of these assets for its operations. For other less critical assets and those where the economic rationale for exercising the options were not clear, Group policy was to not include renewal options as part of the lease term.

Leases of low-value assets and short-term leases

There are two exemptions for the recognition of assets and lease liabilities where the income and expense are recognised as accrued:

- Leases of low value assets: These are insignificant leases; i.e. leases in which the value of the underlying asset when it is new is insignificant. The Group has set a threshold for low value assets at €5,000.
- Short-term leases: Leases with a lease term of less than 12 months.

Right-of-use assets and lease liabilities are not recognised for leases that contain variable payments or substitution rights.

Group as lessor

The leases in which the Group is lessor were accounted for in accordance with IFRS 16, applying the following criteria:

Finance leases

For leases in which the Group retains ownership of the asset and transfers substantially all the risks and rewards incidental to ownership, the leased asset is derecognised and a receivable is recognised at the commencement date at an amount equal to the net investment in the lease, taking into account the interest rate implicit in the lease.

The Group also recognises finance income over the lease term based on a pattern reflecting a constant periodic rate of return on its net investment in the lease.

Operating leases

Leases that do no transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising on the lease is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.2.7 Inventories

The Group's core activity is retailing of consumer goods in the Retail segment. Inventories in this segment are valued at the lower of cost and net realisable value.

The Group measures inventories initially at cost and subsequently, as the product moves through its life cycle, determines the cost of inventories by reducing the sale price by an estimated percentage gross profit margin, any markdowns for sales and the age of the merchandise, and changes in seasons and trends, mostly for fashion items. The Group applies this method consistently for all its product families.

No specific allowance for write-downs is required using this method since the risk is hedged implicitly by the valuation method, except for slow-moving inventories, for which an additional write-down is recognised.

4.2.8 Financial instruments

a) Financial assets:

Measurement and classification

Financial assets held by Group companies are classified into two large groups based on how they are subsequently measured:

– Financial assets at amortised cost: assets held to collect contractual cash flows that are solely payments of principal and interest (where applicable). These assets are recognised at amortised cost; i.e. the cost at which it is measured at initial recognition minus the principal repayments, plus interest accrued but unpaid, calculated using the effective interest rate method. Assets classified in this category include:

  - Trade receivables, other receivables, and loans to third parties: receivables arising on the sale of goods and the rendering of services in the course of the Company's trade operations; and financial assets that are neither equity instruments nor derivatives, not arising on trade transactions, with fixed or determinable payments, and which are not traded in an active market.

    Trade and other receivables maturing in the short term are measured at their nominal amount, which is considered a proxy for fair value.

    The El Corte Inglés credit card is accepted by most of the Group companies listed in note 1 as a customer payment method. Financiera El Corte Inglés E.F.C., S.A. owns most of the cards, and oversees invoice management and administration and collection of sales made using the card.

- Financial assets: asset with a fixed maturity, receivables of a fixed or determinable amount, and those that the Group has the positive intention and ability to hold to maturity. These instruments are carried at amortised cost.

  Assets included in deposits and guarantees relate mainly to amounts paid by Group companies to owners of leased premises and are shown at the amounts paid, which does not differ significantly from their fair value.

- Cash and cash equivalents: cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments maturing within three months which are subject to an insignificant risk of changes in value.

– Assets designated as at fair value through equity:

- Debt instruments: The Group measures debt instruments, arising mainly from the insurance business, at fair value through other comprehensive income (OCI) if both of the following conditions are met:

  a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

  b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  For debt instruments at fair value through OCI, interest income, exchange differences and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group's debt instruments at fair value through OCI relate to investments in quoted debt instruments included in non-current financial assets.

- Equity instruments: upon initial recognition, the Group can elect to classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group classified its unquoted equity instruments in this category.

– Assets designated as at fair value through profit or loss: this includes debt securities and investments in other companies not classified in any of the preceding categories.

These assets are measured at fair value when this can be determined reliably by means of its quoted price or, failing this, recent prices of actual transactions or the present value of its discounted cash flows. Gains and losses on changes in fair value are recognised directly in equity. When fair value is below amortised cost and there is objective evidence that the asset has become impaired and this impairment is not considered temporary, the difference is recognised directly in profit or loss.

Assets whose fair value cannot be determined reliably are measured at cost, less any impairment losses.

At 29 February 2024, the fair value measurements of available-for-sale financial assets were calculated by reference to quoted (and unadjusted) market prices.

The Group classifies its financial instruments (note 11.5) in accordance with the fair value hierarchy of IFRS 7 as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as quoted equity derivatives and securities held for trading and available for sale) is based on quoted market prices at the reporting date. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in Level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, OTC derivatives) is determined using valuation techniques that maximise the use of observable inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. This is the case of equity instruments not quoted on official markets.

Derecognition of financial assets

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

However, the Group does not derecognise financial asset transfers in which it retains substantially all the risks and rewards of ownership, recognising instead a financial liability in the amount of any consideration received.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) on all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit losses, adjusted for historical factors specific to the debtors and the economic environment.

For debt instruments, the Group recognises an allowance for ECLs for both debt instruments at amortised cost and debt instruments at fair value through OCI. ECLs are recognised in two stages. First, for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). Second, for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure. The Group uses the ratings from credit agencies both to determine whether the credit risk of the debt instrument has significantly increased and to estimate ECLs.

The Group does not recognise an allowance for ECLs for debt instruments at fair value through profit or loss. The quoted price reflects current market expectations about ECLs and any changes in fair value are recognised in profit or loss at each subsequent measurement of the debt instruments.

b) Financial liabilities:

Measurement and classification

The financial liabilities held by the Group companies are classified as follows:

- Bank borrowings: loans from banks are recognised at the amount received less any transaction costs or fees and commissions. Those loan arrangement costs and interest expense are recognised in the consolidated statement of profit or loss using the effective interest method and added to the carrying amount of the liability to the extent that they are not settled in the period in which

they accrue. These liabilities are subsequently measured at amortised cost using the effective interest rate method.

– Notes and other marketable securities, trade payables and other financial liabilities: these are recognised initially at fair value and subsequently measured at amortised cost.

Trade payables are non-interesting bearing and are stated at their nominal amount, which does not differ significantly from fair value.

Derecognition of financial liabilities

The Group derecognises a financial liability when the obligation under the liability is extinguished.

c) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the Parent's assets after deducting all of its liabilities.

Equity instruments issued by the Parent are recognised in equity at the amount received net of issue costs.

Interest accrued on the borrowing is payable in shares. Therefore, changes in the value of the instrument and the related issue costs and interest accrued are recognised directly in equity.

Own shares

Own shares acquired are recognised at the amount of consideration given and deducted directly from equity. Any gain or loss on the purchase, sale, issue or cancellation of own equity instruments is recognised directly in equity and not in consolidated profit or loss.

d) Derivative financial instruments

The Group uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. The main risk derives from exposure to changes in exchange rates and interest rates.

Derivative financial instruments are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid. Directly attributable transaction costs are recognised in profit or loss in the year incurred.

Changes in fair value are recognised in profit or loss for the period, unless they are part of a hedging relationship.

For these financial instruments to qualify for hedge accounting, at inception there must be formal designation and documentation of the hedging relationship, and the hedge must be expected to be highly effective. In

addition, the Group tests the effectiveness of hedges at inception and regularly over the term of the hedge (and at least at the end of each reporting period), mainly by comparing the extent to which changes in the value of the derivative offset changes in the cash flows of the hedged item (attributable to the hedged risk).

A hedging relationship qualifies for hedge accounting if it meets the following hedge effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from the economic relationship.
- The hedge ratio of the hedging relationship, understood as the quantity of the hedged item divided by the quantity of the hedging instruments, is the same hedge ratio used for risk management purposes. The part of the derivative that no longer forms part of the hedging relationship would be accounted for at fair value through profit or loss, unless it was designated as a hedging instrument in a different hedging relationship.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised temporarily in equity and reclassified to profit or loss in the reporting period or periods during which the hedged transaction affects profit or loss.

Hedging instruments are measured and recognised by their nature to the extent that they are not, or cease to be, effective hedges. The Group discontinues hedge accounting of derivative financial instruments designated as hedging instruments when the hedging instrument expires or is sold, or exercised, and the hedge no longer meets the criteria for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument previously recognised in OCI is not reclassified to profit or loss until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any accumulated gain or loss that had been recognised in other comprehensive income is reclassified to profit or loss for the period. For hedges of purchases, this amount is included as an increase or decrease in cost, whereas the gain or loss on interest rate hedges is recognised as finance income or expense.

The fair value of derivative financial instruments includes a bilateral credit-risk adjustment (considering both own and counterparty credit risk).

The bilateral credit-risk adjustment amounted to €0.09 million at 29 February 2024 (€0.47 million at 28 February 2023), determined using a technique based on calculating, through simulations, total expected exposure (including both current and potential exposure), adjusted for the probability of default over time and for the loss given default (or potential loss) assigned to the Group and each of the counterparties.

The total expected exposure of derivatives is obtained using observable market inputs such as yield, currency and volatility curves, factoring in market conditions at the measurement date.

The inputs used to determine own credit risk and counterparty credit risk (which in turn determine the probability of default) are mainly based on own credit spreads and the spreads of comparable companies currently traded on the market (credit default swap (CDS) curves, yields on bond issues). In the absence of own credit spreads or comparable companies, to maximise the use of relevant observable inputs the Group used the quoted prices it considered most appropriate in each case (the CDS curve). For counterparties with available credit information, the credit spreads used are obtained from CDSs traded on the market.

Credit risk adjustments to fair value take into account credit enhancements from guarantees or collateral in determining the loss given default for each position.

At 29 February 2024, the fair value measurements of the various derivative financial instruments, including the inputs used to calculate the own and counterparty credit risk adjustment, are classified within Level 2 of the fair value hierarchy provided in IFRS 7, because the inputs are based on the quoted prices of similar instruments in active markets (not included in level 1), quoted prices for identical or similar instruments in markets that are not active, and techniques based on valuation models for which all significant inputs are observable in the market or can be corroborated by observable market data. Although the Group has determined that most of the inputs used to measure derivatives are categorised within Level 2 of the fair value hierarchy, credit risk adjustments use Level 3 inputs; e.g. credit estimates based on credit ratings or comparable companies, to assess the probability of default of the Group or a counterparty. The Group has assessed the relevance of credit risk adjustments in the overall measurement of derivative financial instruments and concluded that they are not significant.

4.2.9 Foreign currency transactions and balances

Transactions in currencies other than the functional currency of each company are recorded at their functional currency spot rates at the date of the transaction. Differences arising in the year between the exchange rate recorded and used at the date of the receipt or payment are recognised in "Exchange differences" in the consolidated statement of profit or loss.

Receivables and payables at 28 February (or 29 February in leap years) denominated in currencies other than the currency in which the Group companies' financial statements are denominated are translated into the functional currency using the closing rate at the end of the reporting period. The measurement differences are recognised in that consolidated statement of profit or loss item.

4.2.10 Income tax

Income tax expense represents the sum of the income tax payable and the change in deferred tax assets and liabilities.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year less any allowable tax deductions, taking into account changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities include taxable and deductible temporary differences, identified as the amounts expected to be payable or recoverable due to differences between the carrying amounts of assets and liabilities and their tax bases, as well as the carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability settled within a possible time horizon.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill whose amortisation is not deductible for tax purposes or the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are only recognised for deductible temporary differences to the extent that it is probable that the consolidated entities will generate sufficient taxable profit against which the deductible temporary differences can be utilised except when the deferred tax asset arises as a result of the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit or taxable profit or loss. Any other deferred tax assets (unused tax losses and unused tax credits) are only recognised to the extent that it is probable that the consolidated entities will generate sufficient taxable profit in the future against which these assets can be utilised.

Income tax and changes in deferred tax assets and deferred tax liabilities that do not arise on business combinations are recognised in full in the consolidated statement of profit or loss or in equity in the consolidated statement of financial position depending on where the gains or losses giving rise to their recognition were initially recognised.

Deferred tax assets and deferred tax liabilities are not discounted and are classified as non-current assets or non-current liabilities in the consolidated statement of financial position.

Deferred tax assets and liabilities are reviewed at the end of each reporting period to verify that they continue to qualify for recognition, and the appropriate adjustments are made on the basis of the results of the reassessment.

In accordance with prevailing regulations, El Corte Inglés, S.A. files consolidated tax returns with Spanish subsidiaries in which it holds at least 75% of their capital, except companies with a different reporting date than the Parent due to sector regulations.

Since 1 January 2008, El Corte Inglés, S.A., as Parent, has availed itself of the special regime for consolidated groups regulated by Chapter IX of Title IX of Law 37/1992 on value added tax, together with certain Spanish subsidiaries.

4.2.11 Revenue and expenses

a) Identification and classification of revenue

The Group's revenue is generated by the retail sale of consumer goods and the provision of services to its end customers. It generates those sales through its network of department stores and smaller retail stores, as well as through its e-commerce platform. This revenue is classified in the "Retail" segment (note 26).

Consolidated revenue also includes revenue from provision of services as intermediary in the purchase and sale of transport documents, rooms, own and third-party tourist packages and all manner of travel agency services. This revenue, in accordance with its nature, is classified in the "Travel Group" segment (note 26).

b) Principal versus agent consideration

- **Revenue in the Retail segment**: When it sells consumer goods in the Retail segment, the Group mainly acts as principal, insofar as it controls the goods and services it provides until they are transferred to the end customer. Specifically:
  - The Group is primarily responsible for fulfilling the promise to provide the specified good or service, insofar as the Group is directly responsible for their transfer to the end customer.
  - The Group has inventory risk before the specified good or service has been transferred to the customer. Under its mainstream retail model, the Group acquires consumer goods from suppliers under formal supply agreements and subsequently sells those goods through its department stores and other retail establishments. As a result, it bears inventory risk throughout the entire supply cycle, from receipt of the merchandise at its logistics platforms through to its sale at one of its department stores and delivery to the end customer.

    In addition to the above mainstream model, the Group operates under a different management model with certain suppliers whereby the suppliers distribute their products directly to the point of sale stipulated within the Group's department stores. Under this model, the supplier has inventory risk up until right before the product is transferred to the end customer. In this instance, and only with respect to select high-end suppliers, the Group acts as agent, as at no time does it have the related inventory risk, and the return policy is that determined by the supplier.

- **Revenue in the Travel Group segment**: In purchases and sales of tickets for transportation and for services as intermediary in the purchase and sale of tourist packages, the Group acts primarily as agent, as the service provided is not substantially within its control. Therefore, only the fee charged by El Corte Inglés Group is included in consolidated profit or loss.

c) Revenue recognition

In keeping with the applicable accounting rules, the Group applies the five-step model to recognise revenue from contracts with customers:

1. It identifies the contract(s) with its customers.
2. It identifies the performance obligation(s) in the contract(s).
3. It determines the transaction price.
4. It allocates the transaction price to the performance obligation(s).
5. It recognises revenue when (or as) it performs the performance obligation(s).

As a general rule, the Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the fair value of the consideration to which it expects to be entitled in exchange for those goods or services, distinguishing between transactions in which it acts as principal and those in which it acts as agent.

More specifically, depending on the nature of the transaction for accounting purposes, it recognises revenue as follows:

- Revenue from the sale of goods or services is recognised at the fair value of the consideration received or receivable. Sales are recognised on delivery to the customer, generally at the Group's retail outlets and warehouses.

  Sales carried out with a small number of high-end suppliers and other channels in which the Group acts as agent are recognised at their net amount, in accordance with IFRS 15.

  The Group estimates variable consideration by using the expected value method given the large number of transactions with similar characteristics. It applies the requirements for constraining estimates of variable consideration in determining the amount of variable consideration that can be included in the transaction price and recognised as revenue. A provision for returns is recognised for the amount of goods expected to be returned, i.e. the amount not included in the transaction price. It also recognises

the right to recover those products from the customer as inventory, with the corresponding adjustment to cost of goods sold.

- Revenue from the rendering of services relates mainly to the Travel Group segment, revenue from the lease of properties and from property surveillance and protection services.
  - Travel Group revenue: revenue is recognised on an accrual basis; i.e., when the service is rendered, which is generally when the related tickets or travel documents are given to the customer, regardless of when actual payment occurs. Specifically, revenue represents the amounts receivable for services rendered in the ordinary course of activities, less discounts, VAT and other sales taxes.
  - Revenue from the lease of properties: rental income is classified as operating income since there is no transfer of risks and rewards and is recognised over the lease term.
  - Surveillance services: revenue for surveillance is recognised when the services are provided, regardless of when actual payment occurs.
  - Discounts granted to customers are recognised when it becomes probable that the attached terms will be met as a reduction in revenue.

4.2.12 Provisions and contingencies

Group policy is to recognise provisions for the estimated amounts required to settle liabilities arising from ongoing litigation, indemnities or other obligations, and from guarantees and warranties where it is probable that the Group will have to make payment, provided the amount can be estimated reliably.

The amount of provisions is based on the best information available about the underlying circumstances and events and is remeasured at the end of each reporting period and reversed, in part or in full, when the underlying obligations cease to exist or diminish.

Contingent liabilities are not recognised in the consolidated financial statement, except those recognised in a business combination, but are disclosed in the notes the financial statements in accordance with IAS 37.

After the end of the reporting period, the Spanish anti-trust authorities (Comisión Nacional de los Mercados y la Competencia) conducted inspections as part of an investigation into potential bid-rigging in travel agency tenders entailing contract sharing. Inspections are a preliminary step in an investigation into suspected anti-trust behaviour of certain companies in the sector and do not prejudge the outcome of the investigation, whether or not the companies are guilty or any damages they may have caused.

4.2.13 a. Termination benefits and other employee benefits payable

Under current labour law, the Group is obliged to pay severance to employees terminated under certain conditions.

The Parent's directors estimate that the provisions recognised at 29 February 2025 to cover these situations are sufficient (note 16.1).

4.2.13 b. Other long-term employee benefits

The Group recognises in "Other benefits" the cash-settled long-term incentive plan ("LTIP") offered to certain employees based on the level of achievement of certain targets in El Corte Inglés Group's 2021-2024 Strategic Plan. It distributes the cost of the LTIP based on the level of achievement, with accrual on a straight-line basis over the vesting period.

4.2.14 Government grants

Government grants are recognised as income when the attached conditions are complied with over the periods the related costs are expensed and deducted from the related cost item.

Government grants related to property, plant and equipment and intangible assets are considered deferred income and recognised in income over the expected useful life of the related asset.

4.2.15 Discontinued operations and non-current assets and liabilities directly associated with non-current assets held for sale

The Group classifies property, plant and equipment, intangible assets, other non-current assets or assets included in "Investments accounted for using the equity method" and disposal groups (i.e. a group of assets to be disposed of together with liabilities directly associated with those assets) that are being actively marketed at the end of the reporting period at a price that is reasonable and for which a sale is expected to take place within 12 months after that date as non-current assets held for sale.

The Group considers discontinued operations to be lines of business that have been sold or will be sold and meet the criteria to be classified as held for sale.

These assets are measured at the lower of their carrying amount or fair value less costs to sell. Depreciation on these assets ceases when they are classified as held for sale.

The post-tax profit or loss of discontinued operations is presented in a single line item in the consolidated statement of profit or loss called "Profit after tax from discontinued operations".

The main transactions related to non-current assets held for sale in 2023 were as follows:

Supercor establishments

On 20 September 2023, El Corte Inglés Group entered into an agreement with the Carrefour group to transfer 43 establishments under the Supercor banner, of which 27 were operated under a lease. Transfer of ownership is being carried out gradually, with the first deliveries starting in April 2024.

In keeping with accounting policy rules, after it received authorisation from the pertinent authorities the Group reclassified these assets to "Non-current assets held for sale" at the related carrying amount, which at 29 February 2024 stood at €13.44 million (notes 5, 8 and 9). It also reclassified the liabilities associated directly with these assets to "Non-current liabilities directly associated with non-current assets held for sale" in the amount of €10,416 million.

Marineda department store

On 11 February 2023, an agreement was entered into to sell the Marineda department store, which at the date had a carrying amount of €13.90 million. It was classified as "Non-current assets held for sale" at the beginning of the reporting period.

El Corte Inglés Insurance

On 28 October 2021, after approval by the Parent's Board of Directors, an alliance was entered into with Grupo Mutua Madrileña, which included the sale of 50.01% of the Group's insurance business (Seguros El Corte Inglés vida, pensiones y reaseguros, S.A. and Centro de Seguros y Servicios, S.A.). The transaction price was €550 million. Also under the agreement, Mutua Group acquired shares of the Parent representing 8% of its share capital for €555 million.

In keeping with accounting policy rules, the assets and liabilities of the insurance business were classified under "Non-current assets held for sale" and "Liabilities directly associated with non-current assets held for sale", respectively, as 28 February 2022.

Lastly, once approval was received from the competent authorities, the transaction with Mutua Group was signed and executed on 31 May 2022 under the terms and conditions explained and a profit from discontinued operations of €458.48 million was recognised in consolidated statement of profit or loss. This transaction is described in detail in El Corte Inglés Group's 2022 consolidated financial statements.

4.2.16 Environmental assets and liabilities

Environmental assets are those used on a lasting basis in the Group's operations whose main purpose is to minimise environmental damage and to protect and restore the environment, including the reduction or elimination of pollution in the future.

The Group's business, by its very nature, does not have a material impact on the environment. However, disclosures of environmental assets and expenses are provided in note 25.

Carbon footprint

The Group is committed to combating climate change, which is one of the main lines of action of the 2021-2025 Sustainability and CSR Master Plan. Its endeavours to reduce its environmental footprint through new, more efficient and low-carbon products and working methodologies that lower emissions and adapt to climate change include the following lines of action:

- Risk and opportunities analysis and assessment
- Management of GHG impacts
- Energy efficiency
- Procurement of renewable energy
- Technological upgrades and improvements in transport

These measures reduce emissions through energy efficiency, increased procurement of renewable energy and operating improvements. Indeed, guarantees of origin certifying zero emissions have been issued for practically all energy consumed in Spain in 2023. Moreover, through its Telecor subsidiary, El Corte Inglés Group has two long-term renewable energy agreements (power purchase agreement or PPAs). The energy covered by these two PPAs comes from photovoltaic plants with approximately 330 MW of combined installed capacity and the ability to produce slightly over 650 GWh/year of power.

Moreover, to meet its commitment to be carbon neutral by 2050, plans over the coming years are to start assessing, recording and reducing Scope 3 emissions that are beyond the Group's operating control.

4.2.17 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on a current/non-current classification. Current assets and liabilities are those the Group expects to sell, consume, settle or realise in the

normal operating cycle, or expected to be realised within 12 months after the reporting period. All other assets and liabilities are classified as non-current.

Assets and liabilities are not offset unless required or permitted by a standard or an interpretation.

4.2.18 Consolidated statement of cash flows

The following terms, with the meanings specified, are used in the consolidated statement of cash flows, which was prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter understood as short-term, highly liquid investments which are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the contributed equity and borrowings of the entity that are not operating activities.

4.2.19 Segment information

The Group prepares its financial reporting based on its operating segments in accordance with IFRS 8 *Operating Segments*. Based on the type of activity described in note 4.2.6, the Group's operating segments are:

- Retail: this segment of activity derives from the retail sale of consumer goods and the provision of services to its end customers, carried out through its network of department stores and smaller retail stores, as well as through its e-commerce platforms.
- Travel Group: this segment of activity derives from the provision of services including sales of tickets for business and leisure transportation, as well as the revenue from brokering the sale of holiday packages designed and planned by other tour operators.
- Other businesses: this segment of activity derives from the provision of other services not included in the previous segments.

Significant information on operating segments is disclosed in note 26. The same accounting policies as those described in this note were used for segment reporting.

In addition to the financial and segment reporting prepared in accordance with International Financial Reporting Standards, Group management consider that certain alternative performance measures ("APMs") also provide useful financial information for assessing the Group's performance. The main APMs used by the Group's Finance Department in its financial, operating and planning decision-making are described in Appendix I of the accompanying consolidated management report.

5. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the various components of the property, plant and equipment of El Corte Inglés, S.A. at the beginning and end of 2023 and 2022 is provided below:

2023

Description	Opening balance	Additions/ (charges)	Derecognitions/ (reversals)	Transfers	Closing balance
Cost					
Land and buildings	9,211,002	50,761	(140,880)	(106,459)	9,014,424
Machinery, plant and tools	6,149,814	29,987	(10,866)	(18,715)	6,150,220
Furniture and fixtures	2,013,168	4,674	(271)	(8,537)	2,009,034
Computer equipment	399,821	23,163	(10,900)	(2,884)	409,200
Vehicles	6,434	404	(169)	(8)	6,661
PP&E under construction	273,243	214,078	-	(145,672)	341,649
Total cost	**18,053,482**	**323,067**	**(163,086)**	**(282,275)**	**17,931,188**
Depreciation					
Buildings	(1,241,062)	(47,686)	7,105	40,787	(1,240,856)
Machinery, plant and tools	(5,007,171)	(153,144)	(4,472)	100,247	(5,064,540)
Furniture and fixtures	(1,615,235)	(58,740)	1,911	20,931	(1,651,133)
Computer equipment	(347,370)	(18,740)	(211)	10,643	(355,678)
Vehicles	(4,983)	(199)	160	6	(5,016)
Total depreciation	**(8,215,821)**	**(278,509)**	**4,493**	**172,614**	**(8,317,223)**
Impairment					
Land and buildings	(1,149,464)	(130,931)	186,921	29,742	(1,063,732)
Machinery, plant and tools	(262,658)	(6,095)	29,580	26,482	(212,691)
Furniture and fixtures	(30,779)	(3,607)	3,058	7,232	(24,096)
Computer equipment	(694)	(519)	89	22	(1,102)
Vehicles	(15)	-	1	1	(13)
Total impairment	**(1,443,610)**	**(141,152)**	**219,649**	**63,479**	**(1,301,634)**
Carrying amount	**8,394,051**	**(96,594)**	**61,056**	**(46,182)**	**8,312,331**

In € 000

2022

Description	Opening balance	Additions/ (charges)	Derecognitions/ (reversals)	Transfers	Closing balance
Cost					
Land and buildings	9,778,956	5,213	(92,553)	(480,614)	9,211,002
Machinery, plant and tools	6,125,070	22,781	(108,910)	110,873	6,149,814
Furniture and fixtures	2,070,403	3,145	(73,408)	13,028	2,013,168
Computer equipment	349,474	15,469	(12,203)	47,081	399,821
Vehicles	6,190	457	(206)	(7)	6,434
PP&E under construction	193,655	201,910	-	(122,322)	273,243
Total cost	**18,523,748**	**248,975**	**(287,280)**	**(431,961)**	**18,053,482**
Depreciation					
Buildings	(1,294,927)	(49,050)	20,004	82,911	(1,241,062)
Machinery, plant and tools	(4,919,581)	(161,379)	80,500	(6,711)	(5,007,171)
Furniture and fixtures	(1,599,746)	(66,114)	51,530	(905)	(1,615,235)
Computer equipment	(314,860)	(19,901)	11,564	(24,173)	(347,370)
Vehicles	(4,956)	(185)	190	(32)	(4,983)
Total depreciation	**(8,134,070)**	**(296,629)**	**163,788**	**51,090**	**(8,215,821)**
Impairment					
Land and buildings	(1,292,823)	(183,599)	69,041	257,917	(1,149,464)
Machinery, plant and tools	(280,230)	(88,697)	37,683	68,586	(262,658)
Furniture and fixtures	(46,835)	(6,709)	24,451	(1,686)	(30,779)
Computer equipment	(143)	(434)	353	(470)	(694)
Vehicles	(31)	(1)	-	17	(15)
Total impairment	**(1,620,062)**	**(279,440)**	**131,528**	**324,364**	**(1,443,610)**
Carrying amount	**8,769,616**	**(327,094)**	**8,036**	**(56,507)**	**8,394,051**

In € 000

Additions to property, plant and equipment in 2023 and 2022 related mainly to costs to upgrade and enlarge several department stores and the acquisition of the property located at Plaza Puerta del Sol 9 in Madrid for €50 million.

Disposals of property, plant and equipment in 2023 related primarily to fully depreciated items and the sale of certain properties, for €48.48 million, which generated a gain of €9.23 million recognised in the consolidated statement of profit or loss under "Other gains/(losses)".

Transfers of "Property, plant and equipment" included:

- The reclassification of €52.02 million to "Investment properties". Transfers in 2022 entailed €42.60 million of real estate assets.
- As disclosed in note 4.2.15, the Group has entered into an agreement to sell 43 establishments under the Supercor banner. The assets owned had a carrying amount of €5.84 million and were reclassified to "Non-current assets held for sale".
- In 2022, the Group reclassified €13.90 million to "Non-current assets held for sale" for the carrying amount of the Marineda department store. The agreement to sell the store was entered into in 2023.

The breakdown of the carrying amounts of the Group's land and buildings at year-end 2023 and 2022 is shown below:

Item	2023	2022
Land	4,262,763	4,313,551
Buildings	2,447,073	2,506,925
Total	**6,709,836**	**6,820,476**

In € 000

In 2023, the Group capitalised expenses recognised in "Finance costs" within "Property, plant and equipment - Buildings" in an amount of €1.34 million (2022: €1.97 million).

The Group had the following investments in property, plant and equipment located outside of Spain at year-end 2023 and 2022:

Item	2023		2022	
	Cost	Depreciation and impairment	Cost	Depreciation and impairment
Land and buildings	282,477	(66,853)	285,742	(65,452)
Machinery and plant	237,628	(179,995)	232,689	(173,252)
Other assets and PP&E under construction	114,627	(95,607)	112,191	(90,749)
Total	**634,732**	**(342,455)**	**630,622**	**(329,453)**

In € 000

Assets built on land obtained under a concession arrangement are as follows:

Item	2023	2022
Buildings	164,265	164,294
Machinery and plant	179,315	177,275
Other assets	63,045	62,328
Accumulated depreciation	(224,579)	(218,435)
Accumulated impairment	(71,715)	(69,057)
Total	**110,331**	**116,405**

In € 000

At year-end 2023, the Group had firm investment commitments totalling €40.68 million.

Group policy is to take out third-party insurance policies covering the value of its property, plant and equipment. El Corte Inglés Group's directors consider that the coverage of these policies was appropriate in 2023 and 2022.

6. INVESTMENT PROPERTIES

El Corte Inglés Group's investment properties consist mainly of properties leased out for rent and other projects. The reconciliation of the carrying amount of this statement of financial position sheet heading at the beginning and end of 2023 and 2022 is as follows:

2023

Item	Balance at 1 March 2023	Additions/ (charges)	Disposals	Transfers (note 5)	Balance at 29 February 2024
Land and buildings	1,032,509	1,952	(3,583)	91,543	1,122,421
Total cost	**1,032,509**	**1,952**	**(3,583)**	**91,543**	**1,122,421**
Accumulated depreciation	(56,116)	(5,414)	178	(33,878)	(95,230)
Impairment	(500,201)	(16,604)	2,046	(5,642)	(520,401)
Carrying amount	**476,192**	**(20,066)**	**(1,359)**	**52,023**	**506,790**

In € 000

2022

Item	Balance at 1 March 2022	Additions/ (charges)	Disposals	Transfers	Balance at 28 February 2023
Land and buildings	848,083	2,516	(47,429)	229,339	1,032,509
Total cost	**848,083**	**2,516**	**(47,429)**	**229,339**	**1,032,509**
Accumulated depreciation	(48,843)	(5,005)	11,641	(13,909)	(56,116)
Impairment	(197,531)	(133,925)	4,082	(172,827)	(500,201)
Carrying amount	**601,709**	**(136,414)**	**(31,706)**	**42,603**	**476,192**

In € 000

Breakdown of investment properties by use:

Item	2023	2022
Offices	200,427	127,153
Premises	110,694	113,220
Land	154,364	197,894
Other	41,305	37,925
Total	**506,790**	**476,192**

In € 000

Group policy is to take out third-party insurance policies covering the value of its investment properties. El Corte Inglés Group's directors consider that the coverage of these policies was appropriate in 2023 and 2022.

7. GOODWILL

The breakdown of goodwill at year-end 2023 and 2022:

Item	2023	2022
Logitravel goodwill	163,816	163,816
Mark & Spencer merger goodwill	10,688	10,688
Sánchez Romero goodwill	10,339	10,339
Other	9,009	9,236
Total	**193,852**	**194,079**

In € 000

The impairment tests performed at 29 February 2004 on all the CGUs, excluding the goodwill arising during the year, did not indicate any impairment.

8. OTHER INTANGIBLE ASSETS

A reconciliation of this consolidated statement of financial position item at the beginning and end of 2023 and 2022:

2023

Description	Opening balance	Additions/ (charges)	Derecognitions/ (reversals)	Transfers	Closing balance
Cost					
Key money	15,680	736	(850)	500	16,066
Software	1,467,706	154,393	(1,694)	(2,889)	1,617,516
Concessions	144,695	-	-	(1,502)	143,193
Industrial property	134,117	1	(16)	240	134,342
Other assets	58,471	4	-	2,040	60,515
Total cost	**1,820,669**	**155,134**	**(2,560)**	**(1,611)**	**1,971,632**
Amortisation					
Key money	(13,631)	(837)	850	(419)	(14,037)
Software	(1,005,685)	(122,465)	759	(555)	(1,127,946)
Concessions	(50,090)	(1,884)	-	568	(51,406)
Industrial property	(12,087)	(5,559)	13	-	(17,633)
Other assets	(8,563)	(4,376)	-	1,080	(11,859)
Total depreciation	**(1,090,056)**	**(135,121)**	**1,622**	**674**	**(1,222,881)**
Impairment					
Key money	(1,905)	(14)	-	-	(1,919)
Software	(14,323)	(414)	1	3	(14,733)
Concessions	(16,949)	(97)	838	63	(16,145)
Industrial property	(27,208)	-	-	1	(27,207)
Total impairment	**(60,385)**	**(525)**	**839**	**67**	**(60,004)**
Carrying amount	**670,228**	**19,488**	**(99)**	**(870)**	**688,747**

In € 000

2022

Description	Opening balance	Additions/ (charges)	Derecognitions/ (reversals)	Transfers	Closing balance
Cost					
Key money	13,491	-	-	2,189	15,680
Software	1,367,404	149,323	(50,129)	1,108	1,467,706
Concessions	144,695	-	-	-	144,695
Industrial property	134,470	134	-	(487)	134,117
Other assets	53,679	4,001	-	791	58,471
Total cost	**1,713,739**	**153,458**	**(50,129)**	**3,601**	**1,820,669**
Amortisation					
Key money	(11,427)	(909)	1,364	(2,659)	(13,631)
Software	(877,738)	(150,090)	23,414	(1,271)	(1,005,685)
Concessions	(48,169)	(1,921)	-	-	(50,090)
Industrial property	(6,508)	(5,574)	-	(5)	(12,087)
Other assets	(5,383)	(3,398)	-	218	(8,563)
Total amortisation	**(949,225)**	**(161,892)**	**24,778**	**(3,717)**	**(1,090,056)**
Impairment					
Key money	(1,905)	-	-	-	(1,905)
Software	(163)	(14,160)	-	-	(14,323)
Concessions	(15,350)	(1,715)	-	116	(16,949)
Industrial property	(27,208)	-	-	-	(27,208)
Total impairment	**(44,626)**	**(15,875)**	**-**	**116**	**(60,385)**
Carrying amount	**719,888**	**(24,309)**	**(25,351)**	**-**	**670,228**

In € 000

Additions to "Software" in 2023 and 2022 related mainly to business software developments.

Assets transferred in 2023 reflect the value of the concessions related to establishments reclassified to "Non-current assets held for sale" as part of the agreement reached with the Carrefour group over the sale of 43 establishments disclosed in note 4.2.15.

In 2023, the Group did not capitalise any borrowing costs within intangible assets (2022: €1.32 million).

As at 29 February 2024, the indefinite-lived intangible assets corresponded mainly to the trademark acquired from Sánchez Romero, with a carrying amount of €4.14 million (2022: €4.14 million) and a series of other trademarks acquired in prior years by El Corte Inglés, S.A., with a carrying amount of €0.16 million (2022: €0.25 million). Those trademarks are not amortised systematically but they are tested for impairment annually.

9. LEASES

9.1 Group as lessee

The Group has lease contracts, mainly over retail premises, travel and insurance agencies, computer equipment and other assets (e.g., offices, car parks and vehicles). The criterion used to depreciate those right-of-use assets is outlined in note 4.2.6. Some of the lease agreements include extension and early termination options and variable payments.

The table below reconciles the opening and closing balances of right-of-use assets:

2023

Item	Retail premises	Travel and insurance agencies	Other (e.g. offices, car parks, vehicles)	Total
Opening balance	**317,771**	**16,177**	**61,711**	**395,659**
Additions and derecognitions	51,094	4,997	18,691	74,782
Depreciation	(88,738)	(4,984)	(14,866)	(108,588)
Reversals and impairments	4,692	-	-	4,692
Foreign exchange gains/(losses)	5,492	-	(105)	5,387
Non-current assets held for sale (note 4.2.15)	(6,729)	-	-	(6,729)
Closing balance	**283,582**	**16,190**	**65,431**	**365,203**

In € 000

2022

Item	Retail premises	Travel and insurance agencies	Other (e.g. offices, car parks, vehicles)	Total
Opening balance	**327,966**	**15,174**	**28,439**	**371,579**
Additions and derecognitions	41,960	5,893	46,041	93,895
Depreciation	(81,807)	(4,890)	(12,879)	(99,577)
Reversals and impairments	24,667	-	-	24,667
Foreign exchange gains/(losses)	4,985	-	110	5,096
Closing balance	**317,771**	**16,177**	**61,711**	**395,659**

In € 000

The reconciliation of the related lease liabilities:

Item	2023	2022
Total lease liabilities under IFRS 16	**424,374**	**422,924**
Additions	68,625	95,657
Finance costs	16,694	15,567
Lease payments	(115,179)	(115,109)
Foreign exchange gains/(losses)	5,870	5,335
Liabilities associated with non-current assets held for sale (note 4.2.15)	(10,416)	-
Total lease liabilities under IFRS 16	**389,968**	**424,374**

In € 000

Maturity analysis of lease liabilities:

2023

Year	
2024	95,426
2025	79,423
2026	46,343
2027	35,200
2028	34,600
Other	98,976
Operating lease liabilities	**389,968**

In € 000

2022

Year	
2023	97,175
2024	88,983
2025	56,010
2026	39,366
2027	31,440
Other	111,400
Operating lease liabilities	**424,374**

In € 000

"Other operating income and expense" in the consolidated statement of profit or loss in 2023 included expenses of €26.07 million and €24.81 million for leases to which the recognition exemptions of IFRS 16 (short-term leases and leases for which the underlying asset is of low value) were applied.

Discount rate: Because of the difficulty of determining the interest rate implicit in each lease, the Group used its incremental borrowing rate by country, term and currency and type of leased asset (premises, logistics centres and others). The incremental borrowing rate at the date of application ranged from 1.5% to 4.8% (1.5% to 4.7% in 2022).

Lastly, the Group has a series of leases with extension and/or early termination options. Those clauses are negotiated by management to provide the Group with a degree of flexibility over the management of the assets it leases. Management uses significant judgement in determining whether it is reasonably certain it will exercise those extension and termination options.

9.2 Group as lessor

The main leases in which El Corte Inglés Group is lessor are operating leases, mainly rentals of properties, stores and premises. Those leases are usually revised annually or whenever stipulated in the lease agreements in order to align them with market conditions.

Future minimum rentals receivable under the Group's current leases year-end 2023 and 2022, without factoring in costs to be reimbursed by the lessor, inflation-related adjustments or contractually-agreed rent increases:

Item	2023	2022
Received during the year	35,303	33,522
Within one year	34,527	31,374
Between one and five years	109,246	104,300
More than five years	75,059	93,256
Total	**254,135**	**262,452**

In € 000

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's most significant investments in associates at 29 February 2024 and 28 February 2023:

2023

Item	Balance at 1 March 2023	Share of profit/(loss)	Dividends	Other changes	Balance at 29 February 2024
Financiera El Corte Inglés E.F.C., S.A.	162,926	20,337	(29,400)	(317)	153,546
Seguros ECI Vida, Pensiones y Reaseguros, S.A.	290,417	23,594	(15,928)	5,540	303,623
Centro de Seguros, S.A.	259,363	8,868	(2,305)	-	265,926
Sephora Cosméticos España, S.L.	(688)	5,949	-	-	5,261
Kio Networks España, S.L.	10,338	1,573	-	(223)	11,688
Other associates and joint ventures	18,130	617	(333)	(13,045)	5,369
Total	**740,486**	**60,938**	**(47,966)**	**(8,045)**	**745,413**

In € 000

2022

Item	Balance at 1 March 2022	Share of profit/(loss)	Dividends	Other changes	Balance at 28 February 2023
Financiera El Corte Inglés E.F.C., S.A.	167,602	28,760	(33,810)	374	**162,926**
Seguros ECI Vida, Pensiones y Reaseguros, S.A.	-	6,596	-	283,821	**290,417**
Centro de Seguros, S.A.	-	5,952	(25,633)	279,044	**259,363**
Sephora Cosméticos España, S.L.	(508)	(183)	-	3	**(688)**
Only You Hotels, S.L.	41,604	-	-	(41,604)	**-**
Kio Networks España, S.L.	9,524	1,032	-	(218)	**10,338**
Other associates and joint ventures	23,908	1,483	(577)	(6,684)	**18,130**
Total	**242,130**	**43,640**	**(60,020)**	**514,736**	**740,486**

In € 000

The main changes in 2023 were as follows:

- On 22 December 2023, the Parent sold a 45% shareholding in Gestión de Puntos de Venta, Gespevesa, S.A., recognising a gain of €3.10 million in "Other finance income" in the accompanying consolidated statement of profit or loss.
- In 2023, the Parent received €47.97 million in dividends from Group associates (2022: €60.02 million).

The changes in 2022 were as follows:

- On 31 October 2021, after approval by the Parent's Board of Directors, an alliance was entered into with Grupo Mutua Madrileña, which included the sale of 50.01% of the Group's insurance business (Seguros El Corte Inglés , Vida, Pensiones y Reaseguros, S.A. and Centro de Seguros y Servicios Correduría de Seguros, S.A.), contingent on securing the pertinent authorisations from Spain's anti-trust authority and insurance watchdog.

  On 31 May 2022, once approval was received from the competent authorities, the transaction with Mutua Group was signed and executed under the terms and conditions described. For accounting purposes, with the loss of control the fully consolidated insurance business was derecognised and the 49.99% interest was accounted for using the equity method. In accordance with International Financial Reporting Standards, the retained interest was remeasured at fair value. The remeasured fair value was €549.78 million, recognised in "Profit/(loss) of companies accounted for using the equity method" in the consolidated statement of profit or loss.

- On 28 July 2022, the 50% stake in Only You Hoteles, S.L. was sold, with the gain recognised in "Other finance income".

The key metrics for the Group's joint ventures and associates:

2023

Item	Own. int. (%)	Type	Assets	Liabilities	Equity	Operating profit	Profit/ (loss) for the year
Financiera El Corte Inglés E.F.C., S.A.	49.00	Associate	2,606,358	2,297,448	308,910	-	41,504
Seguros ECI Vida, Pensiones y Reaseguros, S.A.	49.99	Associate	858,548	705,271	153,277	59,836	45,062
Centro de Seguros, S.A.	49.99	Associate	141,781	90,299	51,482	23,293	19,623
Sephora Cosméticos España, S.L.	50.00	Joint venture	86,666	74,250	12,416	18,507	16,592
Kio Networks España, S.A.	50.00	Joint venture	30,443	7,019	23,424	3,152	3,146
Other associates and joint ventures			76,569	20,629	55,940	1,856	1,366
Total			**3,800,365**	**3,194,916**	**605,449**	**106,644**	**127,293**

In € 000

2022

Item	Own. int. (%)	Type	Assets	Liabilities	Equity	Operating profit	Profit/ (loss) for the year
Financiera El Corte Inglés E.F.C., S.A.	49.00	Associate	2,447,780	2,110,726	337,054	-	58,693
Seguros ECI Vida, Pensiones y Reaseguros, S.A.	49.99	Associate	871,422	737,889	133,533	38,061	28,647
Centro de Seguros, S.A.	49.99	Associate	81,196	44,726	36,470	29,103	22,630
Sephora Cosméticos España, S.L.	50.00	Joint venture	58,359	62,535	(4,176)	1,434	(364)
Kio Networks España, S.A.	50.00	Joint venture	25,351	4,628	20,723	2,025	2,063
Other associates and joint ventures			387,897	91,753	296,144	3,529	3,058
Total			**3,872,005**	**3,052,257**	**819,748**	**74,152**	**114,727**

In € 000

11. NON-CURRENT AND CURRENT FINANCIAL ASSETS

The breakdown of this consolidated statement of financial statement heading:

Item	2023		2022	
	Current	Non-current	Current	Non-current
Loans and receivables (note 11.1)	6,442	107,208	12,870	57,050
Financial assets at amortised cost (note 11.2)	278	-	308	-
Financial assets at fair value through equity (note 11.3)	30,433	3,080	19,819	6,651
Deposits and other (note 11.3)	5,633	17,254	14,140	16,776
Derivatives (note 19)	5,103	39,889	5,729	71,603
Total	**47,889**	**167,431**	**52,866**	**152,080**

In € 000

11.1 Loans and receivables

The breakdown of this consolidated statement of financial statement heading:

Item	2023		2022	
	Current	Non-current	Current	Non-current
Loans, derivatives and other:				
Loans	1,376	75,823	251	25,789
Deposits and guarantees	5,066	31,385	12,619	31,261
Total	**6,442**	**107,208**	**12,870**	**57,050**

In € 000

Loans

In 2022, the Company extended Tool Factory, S.L. a loan in the amount of €24 million repayable in a lump sum on 28 February 2029, although voluntary prepayments are permitted.

Breakdown of maturities of "Loans and receivables – Loans":

2023

Item	2025	2026	2027	2028	From 2029 on	Total
Loans	46,590	800	800	26,967	666	**75,823**

In € 000

2022

Item	2024	2025	2026	2027	From 2028 on	Total
Loans	-	-	-	-	25,789	**25,789**

In € 000

Deposits and guarantees

This heading mainly recognises the security deposits extended for operating in certain leased establishments.

11.2 Financial assets at amortised cost

The breakdown of this consolidated statement of financial statement heading:

Item	2023		2022	
	Current	Non-current	Current	Non-current
Equity instruments	278	-	308	-
Total	**278**	**-**	**308**	**-**

In € 000

The debt securities are mostly short-term deposits placed at a number of financial institutions that earn interest at market rates.

11.3 Financial assets at fair value through equity, deposits and other assets

The breakdown of this consolidated statement of financial statement heading:

Item	2023		2022	
	Current	Non-current	Current	Non-current
Equity instruments	-	19,704	-	22,838
Deposits and other	36,066	-	33,959	-
Debt securities	-	630	-	1,173
Total	**36,066**	**20,334**	**33,959**	**24,009**

In € 000

"Deposits and other" under current assets includes mainly an escrow account at a financial institution with a balance of €14.17 million (2022: €13.67 million) securing certain contractual obligations with certain members of the Board of Directors.

"Equity instruments" under non-current assets includes primarily the Group's 11.22% investment, held through Parinver, S.A., in Grupo Real Turismo, S.A.B de Capital Variable, a Mexican hospitality company, which is carried at €5.20 million, and Parinver, S.A.'s 8.60% interest in Grupo Financiero Multiva, carried at €7.40 million.

11.4 Derivatives

The breakdown of this consolidated statement of financial statement heading:

Item	2023		2022	
	Current	Non-current	Current	Non-current
Loans, derivatives and other (note 19)	5,103	39,889	5,729	71,603
Total	**5,103**	**39,889**	**5,729**	**71,603**

In € 000

11.5 Fair value hierarchy

The Group classifies its financial instruments into the three levels stipulated in IFRS 7, as disclosed in note 4.2.8. Classification of financial assets among the three levels:

Fair value measurements	Level 1	Level 2	Level 3	Total
At 29 February 2024				
Equity instruments	636	7,353	12,345	**20,334**
Derivatives	-	39,889	-	**39,889**
Total financial assets	**636**	**47,242**	**12,345**	**60,223**

In € 000

Fair value measurements	Level 1	Level 2	Level 3	Total
At 28 February 2023				
Equity instruments	1,357	7,935	14,135	**23,427**
Derivatives	-	71,603	-	**71,603**
Total financial assets	**1,357**	**79,538**	**14,135**	**95,030**

In € 000

12. INVENTORIES

The breakdown of this consolidated statement of financial position heading:

Item	2023	2022
Goods held for resale	1,801,945	1,824,913
Consumables	53,440	54,916
Total	**1,855,385**	**1,879,829**

In € 000

In line with widespread practice in the retail sector, El Corte Inglés Group places purchase orders with certain suppliers months before the merchandise is due to be delivered. The amount of committed purchases at 29 February 2024 was €824.71 million (28 February 2023: €783.03 million).

The Group was also contractually commitment to customer sales in the amount of €143.25 million at 29 February 2024 (28 February 2023: €143.77 million).

It is Group policy to take out the insurance policies necessary to cover the potential risks to which its inventories are exposed. The Parent's directors believe that the coverage provided by those inventory insurance policies was adequate at both reporting dates.

13. TRADE AND OTHER RECEIVABLES

The breakdown at 29 February 2024 and 28 February 2023:

Item	2023	2022
Trade receivables	185,570	175,156
Unbilled trade receivables	5,660	6,694
Allowance for impairment of trade receivables	(37,356)	(39,489)
Other receivables	188,318	213,671
Other taxes receivable (note 22.2)	41,550	30,172
Total	**383,742**	**386,204**

In € 000

There were no "trade and other receivables" for significant amounts in default or for which the Group had not recognised a loss allowance for expected credit losses at either reporting date.

In 2023, the Group recognised a net reversal of credit impairment losses on trade and other receivables in the amount of €18.96 million (2022: a net allowance of €3.71 million).

14. CASH AND CASH EQUIVALENTS

The breakdown of this consolidated statement of financial position heading at year-end:

Item	2023	2022
Cash in hand	43,774	48,645
Cash at banks	89,586	134,442
Total	**133,360**	**183,087**

In € 000

"Cash and cash equivalents" in 2023 and 2022 include cash on hand and demand deposits at banks that earn interest at market rates.

15. EQUITY

15.1 Capital

El Corte Inglés, S.A.'s share capital was represented by 75,766,824 bearer shares with a unit par value of €6 at 29 February 2024 (28 February 2023: 75,766,824), all fully paid. The Company's shares are not listed.

The legal persons with ownership interests of over 10% in the Company are Fundación Ramón Areces (40.04%) and Cartera de Valores IASA, S.L (18.40%).

15.2 Legal reserve

The Spanish Corporate Enterprises Act stipulates that 10% of profit for each year be transferred to the legal reserve until it represents at least 20% of share capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

The Group's Parent had fully endowed its legal reserve, in the amount of €90.92 million at 29 February 2024 (28 February 2023: €90.92 million).

15.3 Other reserves

"Other reserves" includes €2,226.30 million of restricted reserves (2022: €2,028.56 million) corresponding to the legal reserves of its consolidated entities and other restricted reserves (revaluation reserve by virtue of IFRS 1, goodwill reserve, etc.).

The resolution taken at the Extraordinary General Meeting held on 26 January 2022 to reduce capital by €32,263,056 by cancelling 5,377,176 own shares (with a unit par value of €6). As a result of this capital reduction, the Company endowed a cancelled capital reserve in an amount equal to the par value of the shares cancelled; that balance can only be used in keeping with the requirements for reducing share capital, as set down in article 335 c) of the Corporate Enterprises Act.

The Parent recognised €3,643.44 million of voluntary reserves at 29 February 2024 (€3,094.12 million at 28 February 2023).

15.4 Own shares

The Group held the following own shares, on a temporary basis and earmarked for upcoming sale, at 29 February 2024 and 28 February 2023:

Item	No. of shares	Par value (€)
Own Class A shares at 29 February 2024	5,163,588	6
Own Class A shares at 28 February 2023	4,449,594	6

In € 000

As at 29 February 2024, the Group held a total of 5,163,588 own shares, equivalent to 6.8% of its share capital (2023: 5.9%).

In 2023, €68.09 million of own shares were bought back (713,994 shares), and no own shares were sold. In 2022, own shares for €500.79 million (4,488,826 shares) were bought back and own shares for €291.30 million (6,061,347 shares) were sold.

The main transactions with own shares in 2022 were as follows:

- On 31 May 2022, El Corte Inglés Group, under the scope of its alliance with Mutua Group, sold shares representing 8% of its share capital. The transaction amounted to €555 million and entailed the sale of 6,061,346 shares. As a result of the transaction, an amount of €291.30 million of own shares was derecognised and a positive impact of €263.70 million was recognised in reserves.

- On 25 May 2022, the Company acquired 4,192,689 of its shares from Primefin, representing 5.5% of its share capital (classified as own shares). The price paid was €485.70 million, including the payment of contractual compensation.

  The Parent has an agreement with PrimeFin, S.A. giving the latter the option to sell it, and other compensation over, all of its shares in El Corte Inglés, S.A. The put option can be exercised by Primefin at market value if by July 2025 there has been no type of monetisation event over the shares held by Primefin in El Corte Inglés, S.A. Under the terms of the put option, if the option is not exercised in the first exercise window (July 2025), there are three other windows with the same terms and conditions for exercise by Primefin in July 2028, 2031 and 2034. Since this agreement does not imply an unconditional cash delivery by El Corte Inglés Group, no financial liability was recognised.

15.5 Valuation adjustments

Financial assets at fair value through equity

This consolidated statement of financial position heading includes the after-tax impact of changes in the fair value of financial assets classified as available-for-sale. Those fair value gains or losses are reclassified to profit or loss when the underlying assets are sold or become impaired.

Cash-flow hedges

This consolidated statement of financial position heading includes the after-tax impact of changes in the fair value of the derivatives designated as cash-flow hedges (note 19).

15.6 Non-controlling interests

This consolidated statement of financial position heading presents the interests at year-end of the non-controlling shareholders of the following entities:

2023

Company	Ownership interest, %	Share of Capital and reserves	Share of profit/(loss) for the year	Total
Moda Sfera Joven México, S.A. de C.V.	49.00	22,204	10,585	**32,789**
VECI Travel Group	25.00	60,881	12,563	**73,444**
Total		**83,085**	**23,148**	**106,233**

In € 000

2022

Company	Ownership interest, %	Share of Capital and reserves	Share of profit/(loss) for the year	Total
Canal Club de Distribución de Ocio y Cultura, S.A.	25.00	18	10	**28**
Moda Sfera Joven México, S.A. de C.V.	49.00	24,127	6,773	**30,900**
VECI Travel Group	25.00	65,362	3,494	**68,856**
Total		**89,507**	**10,277**	**99,784**

In € 000

The reconciliation of non-controlling interests at the beginning and end of 2023 and 2022:

2023

Company	Balance at 1 March 2023	Valuation and other adjustments	Profit/(loss) for the year	Balance at 29 February 2024
Canal Club de Distribución de Ocio y Cultura, S.A.	28	(28)	-	-
Moda Sfera Joven México, S.A. de C.V.	30,900	(8,696)	10,585	**32,789**
VECI Travel Group	68,856	(7,975)	12,563	**73,444**
Total	**99,784**	**(16,699)**	**23,148**	**106,233**

In € 000

2022

Company	Balance at 1 March 2022	Valuation and other adjustments	Profit/(loss) for the year	Balance at 28 February 2023
Canal Club de Distribución de Ocio y Cultura, S.A.	36	(18)	10	**28**
Moda Sfera Joven México, S.A. de C.V.	21,932	2,195	6,773	**30,900**
VECI Travel Group	67,636	(2,274)	3,494	**68,856**
Total	**89,604**	**(97)**	**10,277**	**99,784**

In € 000

The key metrics for the Group's non-controlling shareholders:

2023

Item	Moda Sfera Joven Mexico, S.A. de C.V.	Veci Travel Group
Ownership interest (%)	**49.00**	**25.00**
Assets	105,698	759,845
Liabilities	24,375	563,073
Equity	81,323	196,772
Operating profit	27,563	60,553
Profit for the year	22,943	50,250

In € 000

2022

Item	Moda Sfera Joven Mexico, S.A. de C.V.	Veci Travel Group
Ownership interest (%)	**49.00**	**25.00**
Assets	91,056	682,029
Liabilities	21,043	502,876
Equity	70,013	179,153
Operating profit	16,521	5,212
Profit for the year	13,822	13,977

In € 000

16. PROVISIONS AND CONTINGENT LIABILITIES

16.1 Current and non-current provisions

The reconciliation of the opening and closing balances of provisions:

Non-current provisions	Opening balance	Amounts recognised	Amounts used	Transfers and other	Closing balance
2023:					
Employee benefit obligations	18,458	2,914	(1,683)	(2,544)	**17,145**
Provision for long-term incentives	45,673	39,699	-	650	**86,022**
Provisions for dismantling	13,348	-	(3,068)	15,457	**25,737**
Other provisions	40,948	4,384	(2,091)	(30,949)	**12,292**
Total, non-current	**118,427**	**46,997**	**(6,842)**	**(17,386)**	**141,196**
2022:					
Employee benefit obligations	13,319	29,440	(24,546)	245	**18,458**
Provision for long-term incentives	21,535	24,138	-	-	**45,673**
Provisions for dismantling	14,413	-	(1,065)	-	**13,348**
Provision for tax matters (note 22)	34,053	-	(51,700)	17,647	**-**
Other provisions	75,177	5,956	(22,538)	(17,647)	**40,948**
Total, non-current	**158,497**	**59,534**	**(99,849)**	**245**	**118,427**

In € 000

Current provisions	Opening balance	Amounts recognised	Amounts used	Transfers and other	Closing balance
2023:					
Employee benefit obligations	44,649	6,851	(16,071)	2,544	**37,973**
Provision for dismantling	4,245	1,134	(3,254)	-	**2,125**
Provisions for litigation and claims	12,493	-	-	11,530	**24,023**
Other provisions	43,641	2,025	(43,978)	3,312	**5,000**
Total, current	**105,028**	**10,010**	**(63,303)**	**17,386**	**69,121**
2022:					
Employee benefit obligations	43,080	36,726	(35,157)	-	**44,649**
Provisions for dismantling	-	11,345	(7,100)	-	**4,245**
Provisions for litigation and claims	-	12,493	-	-	**12,493**
Other provisions	4,354	40,626	(1,339)	-	**43,641**
Total, current	**47,434**	**101,190**	**(43,596)**	**-**	**105,028**

In € 000

Employee benefit obligations

- At 29 February 2024, "Employee benefit obligations" mainly recognised the provision for the impact of redundancies under the early-retirement plan notified to employees aged 61 before year-end. The total amount of the provision for early retirements at 29 February 2024 was €18.88 million (28 February 2023: €17.31 million), of which €8.22 million (28 February 2023: €5.58 million) was classified within current provisions.

- On 27 February 2023, the Parent introduced a voluntary redundancy scheme for employees over the age of 59. The main terms of that plan are as follows:

  – The term of the plan was until 31 December 2023, which means that the employment contracts of the employees accepting the redundancy offer had to be terminated no later than 31 December 2023.

  – The period for volunteering for the scheme ended on 22 May 2023.

  – The coverage period runs from the date of termination until the age of 64 at the latest.

  – During that coverage period, the Parent, at the employee's choice, will pay either all of the corresponding benefit as an upfront lump sum or a pre-tax monthly amount equivalent to one-twelfth of their pre-tax annual salary multiplied by a market percentage depending on their age.

  On 28 February 2023, the Parent recognised an initial provision to €30 million to cover this voluntary retirement scheme. At 29 February 2024, the amount pending payment stood at €21 million and was recognised within "Current provisions".

- In addition to the employee obligations itemised above, the Parent has recognised a provision in the amount of €7.60 million to cover the cost of its restructuring plan.

Provision for long-term incentives

On 23 July 2021, the Parent's shareholders ratified, in general meeting, a cash-settled long-term incentive plan ("LTIP") for its executive directors and certain members of its management team linked to the delivery of the strategic plan presented by the Group for 2021-2024. In 2023, it created a similar LTIP for the Travel Group.

At 29 February 2024, the provision amounted to €86.02 million (28 February 2023: €45.67 million) following delivery of the financial targets established for the first three years of that plan.

Provision for dismantling

In "Provision for dismantling", the Group recognises provisions for the estimated costs of dismounting certain department stores and other retail establishments from which it has ceased to operate or expects to do so, and for certain compensation payments for third-party operations. This provision stood at €27.86 million at 29 February 2024, of which €2.13 million was recognised within current provisions. At 28 February 2023, this provision stood at €13.35 million.

Provisions for litigation and claims

This item includes provisions for certain lawsuits, claims and other items.

16.2 Sureties and guarantees extended to third parties and other contingent liabilities

Sureties and guarantees

The sureties extended by the Group amounted to €184.51 million at 29 February 2024 (28 February 2023: €216.38 million). Of the year-end total, €0.88 million was related with legal and tax matters (28 February 2023: €0.87 million). The rest, deposited at a range of financial institutions, are bonds securing business transactions.

Spanish National Markets and Competition Commission

On 28 November 2023, the CNMC's anti-trust department notified the Company's investee, Viajes El Corte Inglés, S.A., of the start of proceedings (File No. S/0001/23 Travel Agency Services) investigating possible "anti-competitive practices prohibited in articles 1 of Spain's Anti-Trust Act and 101 of the Treaty on the Functioning of the European Union (TFUE), specifically concerted agreements and/or practices around the allocation of customers and/or adjudication of tenders for the provision of travel agency service agreements, and the exchange of commercially sensitive information for the provision of such services". The start of proceedings marks a preliminary step in the process of investigating the alleged anti-competitive practices and does not prejudice the outcome of the investigation or the responsibility of the companies being investigated or the infliction of any damages whatsoever. No infraction by the Group company has been determined and no fines have been handed down.

Other contingent liabilities

El Corte Inglés Group, despite upholding the highest standards in respect of its commitment to employees and customer service, is subject to lawsuits and claims related to employee-related and civil matters in the ordinary course of its business. It considers that any present or future liabilities arising from these lawsuits or claims will not have a material adverse effect on its business, operating performance or financial reporting, either individually (because the amounts are insignificant) or in the aggregate.

El Corte Inglés Group operates in a tightly regulated business environment. It is constantly subject to administrative inspections and controls to verify compliance with regulations governing its activity. Based on available information, any obligations arising from these administrative dealings are not expected to have a material impact on the Group's business, earnings, financial position or operations, individually or in the aggregate.

The Parent's directors believe that any liabilities that could materialise on account of the sureties extended that have not been provided for at 29 February 2024 would not be material.

17. NON-CURRENT AND CURRENT BANK BORROWINGS, NOTES AND OTHER MARKETABLE SECURITIES

The breakdown of these consolidated statement of financial statement headings:

Item	Non-current		Current	
	2023	2022	2023	2022
Syndicated loan	1,562,896	1,794,192	-	-
EIB loan	212,429	199,715	32,286	16,571
ICO loan	171,428	85,714	14,286	14,286
Other financial liabilities	1,929	161	9,250	7,445
Bank borrowings	**1,948,682**	**2,079,782**	**55,822**	**38,302**
Lease liabilities (note 9.1)	294,542	327,199	95,426	97,175
Lease liabilities	**294,542**	**327,199**	**95,426**	**97,175**
Notes	-	80,632	71,536	-
MARF-listed commercial paper	-	-	146,351	297,041
Other borrowings	-	-	2,566	5,593
Notes and other marketable securities	**-**	**80,632**	**220,453**	**302,634**
Derivatives (note 19)	-	-	7,890	25,906
Other financial liabilities	23,994	3,012	22,786	1,430
Other financial liabilities	**23,994**	**3,012**	**30,676**	**27,336**
Total	**2,267,218**	**2,490,625**	**402,377**	**465,448**

In € 000

17.1 Bank borrowings

Syndicated loan

On 18 March 2022, the Group agreed to refinance up to €2,600 million of its bank debt, improving the pre-existing terms and conditions by locking in stable financing at a lower cost with longer maturities. Tranches A and B initially matured in 2027, while Tranche C matured in 2025, with scope for two one-year extensions.

On 20 November 2023, the Group reached an agreement with the majority of banks in the syndicate covering the extension of all of the tranches for one more year, so that Tranches A and B now mature in 2028, and most of Tranche C, in 2026.

As defined in the applicable financial reporting framework, the qualitative and quantitative terms of the new borrowings were not substantially different from the previous ones. The details of the different tranches:

- Tranche A, for €918.88 million, of which €106.76 million repayable at maturity on 28 March 2027, and €812.12 million repayable at maturity on 28 March 2028.
- Tranche B, for €1,081.12 million consisting of a credit facility, of which €130.49 million matures on 28 March 2027, and €950.63 million matures on 28 March 2028. That tranche was drawn down by €44.02 million at 29 February 2024 (28 February 2023: €275.30 million).
- Tranche C, for €515.82 million repayable at maturity on 28 March 2026 and €84.18 million repayable at maturity on 28 March 2025.

The refinancing agreement also includes sustainability commitments in line with the Group's corporate social responsibility strategies.

As stipulated in the syndicated financing agreement, the Group will not be obliged to comply with any financial ratios, calculated based on El Corte Inglés Group's consolidated financial statements, in the event it secures an investment-grade credit rating. If not, its leverage (measured as reported net financial debt-to-Adjusted EBITDA) may not exceed 4.5x. At 29 February 2024, that ratio stood at 1.9x (28 February 2023: 2.4x).

Until the Group obtains an investment-grade rating, dividend distribution may not exceed the agreed levels.

European Investment Bank (EIB)

The details of the financing extended by the European Investment Bank:

- In December 2016, the European Investment Bank extended the Group loan in the amount of €116 million, with the last instalment due in February 2027. At 29 February 2024, the balance outstanding

stood at €49.71 million (€66.20 million at 28 February 2023), of which €16.57 million was due in the short term at both reporting dates.

- On 30 March 2020, the Group arranged a new 10-year loan with the European Investment Bank in the amount of €150 million (having increased it by €40 million in March 2021). At 29 February 2024, it was drawn down in full and €15.71 million was classified as current (at 28 February 2023 it was drawn down by €150 million).

- On 18 January 2023, the Group arranged two new 10-year loans in a total amount of €74 million to finance digitalisation and energy efficiency projects. At 29 February 2024, they were drawn down by €45 million.

Spain's Official Credit Institute (ICO)

Spain's Official Credit Institute (ICO) has extended the Group the following financing:

- On 30 March 2020, the Group arranged a 10-year loan with the ICO in the amount of €100 million. At 29 February 2024, the balance outstanding was €85.72 million, with €14.29 million classified as current (at 28 February 2023 it was drawn down by €100 million).

- On 30 March 2023, the Group was extended another €100 million, 10-year loan by the ICO. That loan was fully drawn down at 29 February 2024.

The maturity profile of the liabilities comprising bank borrowings and finance lease liabilities is provided below:

2023

Item	2025	2026	2027	2028	Other	Total
Bank borrowings	136,470	568,100	163,190	914,490	166,432	**1,948,682**
Lease liabilities (note 9.1)	79,423	46,343	35,200	34,081	99,495	**294,542**
Total	**215,893**	**614,443**	**198,390**	**948,571**	**265,927**	**2,243,224**

In € 000

2022

Item	2024	2025	2026	2027	Other	TOTAL
Bank borrowings	46,571	652,285	52,285	1,230,067	98,574	**2,079,782**
Lease liabilities (note 9.1)	88,983	56,010	39,366	31,440	111,400	**327,199**
Total	**135,554**	**708,295**	**91,651**	**1,261,507**	**209,974**	**2,406,981**

In € 000

The interest rates are benchmarked to Euribor plus a market spread adjusted to El Corte Inglés Group's risk. Since the Group had no debt at fixed rates at 29 February 2024, market value did not differ significantly from the carrying amount in the consolidated statement of financial position.

Of the total debt itemised above, El Corte Inglés has arranged floating-to-fixed interest rate swaps over €500 million of Tranche A of the syndicated loan; €100 million of Tranche B; and €600 million of Tranche C (note 19).

The Group has receivables discounting and credit facilities, which accrue interest at market rates, with the following limits:

Item	2023		2022	
	Limit	Undrawn	Limit	Undrawn
Receivables discounting facilities	3,000	3,000	4,000	4,000
Credit facilities (a)	1,135,621	1,089,675	1,081,121	805,647
Total	**1,138,621**	**1,092,675**	**1,085,121**	**809,647**

In € 000
(a) Part of the syndicated loan agreement.

At 29 February 2024, the credit facility was drawn down by €45.95 million (28 February 2023: €275.50 million). The Group also had credit facilities in US dollars at year-end 2023 with a limit of $1.50 million at both reporting dates.

17.2 Notes and other marketable securities

Notes

At 29 February 2024, the Group recognised a note issued by Supercor in an amount of €71.54 million. The issue was fully subscribed by Seguros El Corte Inglés and matures in August 2024. Therefore, it was classified as current.

MARF-listed commercial paper

"Current notes and marketable securities" includes the commercial paper listed on Spain's alternative fixed-income market (MARF for its acronym in Spanish) in the amount of €146.35 million at 29 February 2024 (€297.04 million at 28 February 2023). The commercial paper bears interest at market rates.

18. RISK MANAGEMENT POLICIES

The Group's business activities expose it to various types of financial risk: market risk (including foreign exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management at the Group is overseen by the Parent's management team, which puts the necessary mechanisms in place. Management focuses on

uncertainty in the financial markets and seeks to minimise the potential adverse effects on the Group's profitability, using financial instruments (note 19).

This note provides details about the Group's exposure to each of the above-mentioned risks, the risk management targets, policies and processes for each, the methods used to measure them and the year-on-year changes in the various exposures.

In general, the Group holds its cash and cash equivalents at financial entities with high credit ratings.

The Group's credit risk vis-a-vis third parties is not significantly concentrated: the vast majority of its revenue stems from retail sales which are settled, fundamentally, in cash or by card.

The Group recognises a provision for expected credit losses from other business transactions (mainly corporate retail transactions and corporate Travel Group services), using a provision matrix based on historical credit loss experience and prevailing macroeconomic conditions.

The amount of the provision is the difference between the carrying amount of the assets and the present value of forecast future cash flows. That provision is recognised in the consolidated statement of profit or loss (note 13). The Group recognised a provision for expected credit losses of €37.36 million in 2023 (2022: €39.495 million) on receivables of €383.74 million (2022: €386.20 million).

There were no significant balances at 29 February 2024 or 28 February 2023 that had not been adjusted for expected credit losses based on the analysis conducted by the Group and its policies for determining those haircuts. The fair value of the Group's receivables is not materially different from their carrying amount.

Liquidity risk

Prudent management of liquidity risk entails maintaining adequate cash and marketable securities and ensuring available funding in the form of sufficient committed credit facilities (note 17).

Ultimate responsibility for liquidity risk management lies with the Parent's management, which is tasked with drawing up an adequate framework for controlling the Group's liquidity needs in the short, medium and long term. The Group manages liquidity by maintaining adequate funds, using appropriate bank services, keeping undrawn credit and loan facilities and continuously monitoring prevailing and forecast cash flows, matching them with the maturity profiles of its financial assets and liabilities. The Group had ample liquidity at 29 February 2024 (note 17). It has commercial paper issued on the MARF in addition to the credit facilities outlined in note 17.

Interest rate risk

The future cash flows of assets and liabilities benchmarked against floating rates of interest fluctuate because of changes in interest rates. The Group's financial instruments that expose it to interest rate risk are essentially its floating-rate loans and its derivative instruments.

The Group enters into derivatives to mitigate that exposure based on its outlook for interest rates and its long-term capital structure targets (note 19).

The Parent's management performs a sensitivity analysis, especially in respect of interest rate risk, to ensure that any changes in its interest rate estimates do not have a material impact. As interest rate derivatives, an increase or decrease in interest rates of 0.1p.p. would result in an increase of €2.10 million and a decrease of €2.10 million, respectively, in the MTM at 29 February 2024.

Price risk

In 2022 and 2021, as a result of the pandemic, aggravated more recently by geopolitical developments, inflation spiralled, affecting the prices of commodities and utilities, particularly energy. Faced by that situation, the Group and the legal authorities (European Union) have taken measures to curb the impact of inflation (note 2.7.1).

To a lesser extent, the Group's exposure to price risk stems from its investments in equity instruments, which after the deconsolidation of the insurance business are immaterial.

Foreign currency risk

The Group operates in international markets and is, therefore, exposed to foreign exchange risk, especially on account of transactions arranged in US dollars.

Foreign exchange risk is managed in accordance with Group management guidelines which essentially contemplate natural hedging strategies and constant monitoring of exchange rates, among other mitigating measures. It is Group policy to arrange financial instruments (currency forwards) to reduce its exposure to exchange differences on foreign-currency transactions (note 19).

The breakdown of the most significant transactions denominated in foreign currencies, mainly the US dollar, performed by the Spanish Group companies, and the resulting year-end balances, measured at the average and closing exchange rates, respectively:

Item	2023	2022
Payables	38,086	155,728
Purchases	593,702	719,565

In € 000

The most significant transactions and resulting year-end balances of the Group companies that operate in currencies other than the euro (mainly the subsidiaries located in Latin America), measured at the average and closing exchange rates, respectively:

Item	Mexican pesos		Other currencies		Total	
	2023	2022	2023	2022	2023	2022
Payables	52,830	34,753	29,441	29,059	**82,271**	**63,812**
Other liabilities	–	–	137	470	**137**	**470**
Sales	116,638	99,856	(57)	(82)	**116,581**	**99,774**
Services rendered	138,669	161,604	269,822	313,477	**408,491**	**475,081**
Purchases	153,815	190,918	312,926	318,113	**466,741**	**509,031**
Services received	22,826	17,440	5,917	6,735	**28,743**	**24,175**

In € 000

Capital management policy

The Group's capital management objectives are to safeguard its ability to continue as a going concern in order to generate further returns for its shareholders and benefits for all its stakeholders and to maintain an optimum financial structure to reduce the cost of capital.

The Group's directors use the leverage ratio to monitor compliance with the Group's capital and financial management objectives. It defines leverage as the ratio of reported net financial debt to adjusted EBITDA. Reeported net financial debt and adjusted EBITDA are defined in the APMs defined in Appendix I to this consolidated management report, together with the reconciliation tables.

The leverage ratios at year-end:

Item	2023	2022
Reported net financial debt:		
Non-current notes and other marketable securities	-	81
Current notes and other marketable securities	218	299
Non-current borrowings	1,948	2,080
Current borrowings	48	37
Cash and other liquid items	(155)	(202)
Total reported net financial debt	**2,059**	**2,295**
Total adjusted EBITDA	**1,060**	**944**
Reported net financial debt to adjusted EBITDA	**1.9**	**2.4**

In € m

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed.

The methods used by the Group to calculate the fair value of its derivatives, including the associated credit risk adjustments (IFRS 13) and the corresponding input levels for fair value hierarchy purposes (IFRS 7), are disclosed in note 4.2.8. The derivative financial instruments held by the Group at 29 February 2024 and 28 February 2023 are as follows:

2023

Item	Classification		Notional		Fair value (a)	
		Type	amount	Maturity	Assets	Liabilities
Interest-rate swaps	Interest-rate hedges (Tranche A)	Floating-to-fixed	500,000 (a)	2027	20,048	–
Interest-rate swaps	Interest-rate hedges (Tranche B)	Floating-to-fixed	100,000 (a)	2027	3,760	–
Interest-rate swaps	Interest-rate hedges (Tranche C)	Floating-to-fixed	600,000 (a)	2025	16,081	–
Currency forwards	Foreign exchange hedges	Purchase of currency	475,608 (b)	2024	3,363	4,395
Cash flow hedges	Trading derivatives: swaps related with energy purchases	Swaps and futures		2025	–	3,495

(a) In € 000.
(b) In $ 000.

2022

Item	Classification		Notional		Fair value (a)	
		Type	amount	Maturity	Assets	Liabilities
Interest-rate swaps	Interest-rate hedges (Tranche A)	Floating-to-fixed	500,000 (a)	2027	33,938	-
Interest-rate swaps	Interest-rate hedges (Tranche B)	Floating-to-fixed	100,000 (a)	2027	6,207	-
Interest-rate swaps	Interest-rate hedges (Tranche C)	Floating-to-fixed	600,000 (a)	2025	30,270	-
Currency forwards	Foreign exchange hedges	Purchase of currency	600,423 (b)		4,852	19,115
Cash flow hedges	Trading derivatives: swaps related with energy purchases	Swaps and futures		2024	-	6,791

(a) In € 000.
(b) In $ 000.

The Group recognises gains or losses on hedging derivatives (interest rate, currency and energy swaps) are recognised in the Group's equity under "Valuation adjustments - Hedging transactions". Specifically, it recognised a net loss of €9.61 million in 2023 (2022: €35.29 million gain).

At both reporting dates, the Group had arranged a number of derivative financial instruments that did not qualify for hedge accounting, with the following characteristics:

Item	Currency forwards	
	2023	2022
Notional amount	62,102 (b)	73,454 (b)
Expiry	-	-
Fair value (a)		
Assets	1,740	2,064
Liabilities	1	11
Amounts recognised in profit or loss	-	-

(a)In € 000.
(b) In $ 000.

There was no impact on profit or loss from derivatives that did not qualify for hedge accounting in either 2023 or 2022.

20. TRADE PAYABLES

"Trade and other payables" mainly includes the amounts outstanding on the purchase of goods for resale and related expenses. The Group's management believes that the carrying amounts of the Group's trade payables approximate their fair value.

20.1 Supplier payment term disclosures

Below are the disclosures required under Additional Provision Three - "Disclosure requirements" - of Spanish Law 15/2010 (5 July 2010):

Item	2023	2022
Average supplier payment term	43 days	39 days
Paid transactions ratio	44 days	40 days
Outstanding transactions ratio	20 days	24 days
	Amount	
Total payments made	**12,913,359**	**12,087,913**
Total payments outstanding	**763,285**	**774,519**
Number of invoices paid within the legally stipulated deadline	12,145,925	11,372,010
Percentage of total payments	94.1%	94.1%
Number of invoices paid within the legally stipulated deadline	7,305,703	8,456,742
Percentage of total invoices paid	82.9%	92.0%

In € 000

The data provided in the table above regarding supplier payments refer to suppliers qualifying as trade creditors in respect of amounts due in exchange for goods and services supplied, to which end it includes the amounts presented under "Trade and other payables" within current liabilities on the accompanying consolidated statement of financial position.

"Average supplier payment term" is the period elapsing between delivery of the goods or provision of the services by the supplier and payment for the transaction.

That term is calculated by dividing the sum of the paid transactions ratio times total payments made plus the outstanding transactions ratio times total payments outstanding by the sum of total payments made and total payments outstanding.

The paid transactions ratio is calculated as the ratio between the numerator formed by the sum of the products of the payments made and the days of payment (the number of calendar days elapsing between delivery of the goods or provision of the services by the supplier until effective payment for the transactions) and the denominator formed by the total amount of payments made.

Lastly, the outstanding transactions ratio is calculated by dividing the sum of the payments outstanding times the days payable outstanding (the number of calendar days elapsing between delivery of the goods or provision of the services by the supplier and the reporting date) by the total amount of payments outstanding.

The Parent is bound by Spain's Retail Trade Act. The maximum payment term applicable to the Company under that legislation is 60 days, as virtually all of the goods it purchases for resale are food items and consumer goods, unless a longer term of payment is expressly negotiated with the supplier and the supplier is offered financial compensation for such deferral; at any rate, that term cannot exceed 90 days.

21. TRADE AND OTHER PAYABLES

The breakdown of this heading at year-end:

Item	2023	2022
Trade payables	2,681,895	2,757,094
Other taxes payable (note 22.2)	234,324	237,567
Payable to employees	453,600	432,677
Total	**3,369,819**	**3,427,338**

In € 000

21.1 Payable to employees

This heading breaks down as follows at year-end:

Item	2023	2022
Accrued remuneration and other employee benefits payable	170,321	171,107
Current account balances	283,279	261,570
Total	**453,600**	**432,677**

In € 000

"Current account balances" in the table above relate to the net balance between El Corte Inglés, S.A., group company employees and the Parent's directors (note 24.2).

22. TAXES PAYABLE | RECEIVABLE AND TAX MATTERS

22.1 Consolidated Tax Group

El Corte Inglés files its income tax return under the consolidated tax regime together with the Spanish subsidiaries in which it holds at least 75% of their capital and the majority of their voting rights since the start of the tax period, as provided in prevailing legislation.

Companies included in the tax group:

TAX CONSOLIDATION GROUP	
Parent:	
El Corte Inglés, S.A.	
Asón, Inmobiliaria de Arriendos, S.L.	Rubiños 1860, S.A.
Travel Agencies Management, S.L.	Sicor Interservicios ETT, S.L.
CDEV Senior, S.L.	Sicor Integra El Corte Inglés, S.L.
Cinamar, S.A.	Sicor Limpieza Integral, S.L.
Confecciones Teruel, S.A.U.	Sicor Seguridad El Corte Inglés, S.A.
El Corte Inglés Cadena de Suministro, S.L.	Sicor Servicios Integrales, S.L.
Editorial Centro de Estudios Ramón Areces, S.A.	Supercor, S.A.
Esgueva, S.A.	Telecor, S.A.
Garanair, S.L.	Tourmundial Operadores, S.A.
Industrias del Vestido, S.A.U.	Uria Veinte, S.A.
Iniciativas Inmobiliarias Valderas, S.A.	Veci Travel Group, S.L.
Izaro Films, S.A.	Viajes El Corte Inglés, S.A.
Parinver, S.A.	Aperture Travel, S.L.
Parinver Servicios, S.L.	Tu Experto en Viajes 2020 S.L.U.
Veci Group Tech, S.L.	Travelconcept, S.L.
Entradas El Corte Inglés, S.L.	Traveltino 2009, S.L.U.
Construcciones Inmobiliarias Alcoral, S.A.	Promociones Inmobiliarias Gallegas, S.A.

Group companies that are non-residents in Spain file individual tax returns in their related jurisdiction.

Disclosures related to corporate restructuring operations that qualify for the tax neutrality regime contemplated under article 86 of the Spanish Corporate Income Tax Act (Law 27/2014, of 27 November 2014) are presented in the separate financial statements of the companies included in consolidation.

22.2 Tax receivable from | payable to the authorities

The breakdown of tax receivable from and payable to the tax authorities at year-end 2023 and 2022 is as follows:

Receivable

Item	2023	2022
Non-current assets:		
Deferred tax assets	694,766	629,882
Total non-current assets	**694,766**	**629,882**
Current assets:		
Current tax assets	36,375	3,460
Other taxes receivable (note 13)	41,550	30,172
Social Security	7,641	3,174
Value added tax	28,257	24,518
Withholdings	3,620	593
Other	2,032	1,887
Total current assets	**77,925**	**33,632**

In € 000

Payable

Item	2023	2022
Non-current liabilities		
Deferred tax liabilities	838,102	846,363
Total non-current liabilities	**838,102**	**846,363**
Current liabilities		
Current tax liabilities	14,421	6,787
Other taxes payable (note 21)	234,324	237,568
Social Security	71,168	63,065
Value added tax	112,384	129,644
Withholdings	21,590	17,195
Other	29,182	27,664
Total current liabilities	**248,745**	**244,355**

In € 000

22.3 Reconciliation of accounting profit/(loss) and taxable income/(tax loss)

Corporate income tax is calculated on the basis of separate accounting profit, obtained by applying generally accepted accounting principles that do not necessarily coincide with taxable profit (tax loss), understood as the tax base.

The reconciliation of the Group's aggregate accounting profit/(loss) and taxable income/(tax loss) is as follows:

2023

Item	Increase	Decrease	Amount
Accounting profit (before tax)			**454,917**
Consolidation adjustments	199,361	(26,546)	**172,815**
Permanent differences	21,275	(220,067)	**(198,792)**
Temporary differences:			
Current fiscal year	282,425	(5,288)	**277,137**
Previous fiscal years	2,454	(768,740)	**(766,286)**
Adjustments made to determine Tax Group taxable income (50% cap on unused losses)	169,606	-	**169,606**
Aggregate taxable profit/(tax loss)			**109,396**

In € 000

2022

Item	Increase	Decrease	Amount
Accounting profit (before tax)			**523,334**
Consolidation adjustments	787	(44,690)	**(43,903)**
Permanent differences	135,476	(433,947)	**(298,471)**
Temporary differences:			
Current fiscal year	573,448	(4,846)	**568,602**
Previous fiscal years	2,494	(606,125)	**(603,631)**
Aggregate taxable profit/(tax loss)			**145,931**

In € 000

Permanent differences

The negative permanent differences arising in 2023 include €123.15 million (2022: €296.56 million) in relation to the exemption for dividends received from companies that are part of the consolidated tax group and others that are not part of the tax group but meet the requirements for application of article 21 of the Corporate Income Tax Act (CIT Act).

They also include the sum of €17.35 million (2022: €579.51 million) resulting from the application of the exemption, provided for in article 21.3 of the CIT Act arising on the gain obtained on the sales of shareholdings.

They also include the negative permanent difference of €44.34 million generated by the reversal of the impairment losses recognised on equity investments in group companies that were considered non-deductible.

Temporary differences

The amount of negative temporary differences relates mainly to:

- The reversal of the adjustment made in prior years for provisions that had been treated as non-deductible charges when made (€244.13 million in 2023 and €238.30 million in 2022);
- The temporary limit imposed on the deductibility of depreciation charges (€29.71 million in 2023 and €29.53 million in 2022);
- The adjustment for the depreciation and derecognition of assets written down for impairment in prior years that had been treated as non-deductible charges when made (€239.21 million in 2023 and €102.59 million in 2022);
- The adjustment for the reversal for accounting purposes of asset impairment charges that were considered non-deductible in the year they were recognised for €85.20 million (2022: €67.54 million); and
- The reversal of the adjustment for the limit on the deductibility of interest costs in prior years of €163.71 million in 2023 (2022: €142.45 million).

The positive temporary differences in 2023 relate mainly to:

- Accounting provisions deemed non-deductible in the amount of €117.84 million (2022: €178.02 million);
- The recognition of impairment losses in the amount of €161.49 million (2022: €375.87 million); and
- An adjustment for the 50% cap on the separate tax loss that is computable for the purposes of determining taxable income at the consolidated level, under additional provision 19 of Spanish Law 27/2014 on Corporate Income Tax in the amount of €169.60 million.

El Corte Inglés, S.A. and Hipercor, S.A.U. (transferor) applied the tax credits contemplated in Royal Decree-Law 3/1993 (26 February 1993) in relation to the depreciation of new fixed assets.

In 2001, El Corte Inglés, S.A. and Hipercor, S.A.U. opted, in respect of the gains obtained on the transfer of assets, as provided for under Transitional Provision 3 of Law 24/2001, to avail of the regime contemplated in article 21 of the Corporate Income Tax Act, such that it did not include the sum of €34.6 million in taxable income that year, with both companies reinvesting the full amount obtained on the disposal giving rise to the gain in the shopping centre in Cadiz that same year. The method being used to include the deferred gain in taxable income is that

stipulated in article 21.3 of the Corporate Income Tax Act and article 34.1.b) of the implementing regulation at the time.

Item	2023	2022
Income deferred in 2001	34,643	34,643
Income included in taxable income between 2002 and 2021	(8,539)	(8,122)
Income included in taxable income in 2022	(417)	(417)
Deferred income pending inclusion	**25,687**	**26,104**

In € 000

The deferred income pending inclusion in taxable income will be included in the tax periods in which the shopping centre building in Cadiz is depreciated in proportion to the amount of the depreciation charges relative to the building's cost.

In addition, the Group revalued land in 2012 in connection with certain properties.

22.4 Taxes recognised in equity

In addition to the tax expense recognised in its consolidated statement of profit or loss, the Group also recognised tax expense of €3.11 million directly in equity in 2023 (2022: tax income of €11.80 million). The taxes recognised directly in equity correspond primarily to the tax effects of the valuation changes in available-for-sale financial assets and hedging derivatives.

22.5 Reconciliation of accounting profit/(loss) and tax income/(expense)

The reconciliation of accounting profit/(loss) and tax income/(expense) is as follows:

Item	2023	2022
Accounting profit/(loss) before tax	**454,917**	**523,334**
Permanent differences and consolidation adjustments	23,082	(344,385)
Tax base for the purpose of determining tax expense	431,836	178,949
Tax payable/(receivable) before deductions	**90,976**	**35,449**
Deductions	-	(1,485)
Adjustment for the capitalisation/derecognition of tax assets for the year	(70,501)	-
Assessment of the recoverability of unused tax credits	(63,865)	-
Other	(4,413)	67,421
Total tax expense/(income) recognised in the statement of profit or loss	**(47,803)**	**101,385**

In € 000

In 2023 the Group generated €2.96 million of tax credits that have not been recognised as tax assets. Also in the year, the Group recognised a total of €124.40 million of tax assets in respect of unused tax losses.

22.6 Breakdown of tax expense

Tax expense/(income) breaks down as follows:

Item	2023	2022
Current tax	(3,223)	(22,579)
Deferred tax	(59,280)	116,112
Other	14,700	7,852
Total tax expense/(income)	**(47,803)**	**101,385**

In € 000

22.7 Deferred tax

The recoverability of the deferred tax assets of the Tax Group in Spain was assessed at 29 February 2024, based on: (i) the estimated future taxable earnings of the companies comprising the Tax Group; and (ii) the effects of the Constitutional Court ruling in respect of Decree-Law 3/2016.

The breakdown of the Company's deferred tax assets and liabilities at year-end:

Deferred tax assets	2023	2022
Temporary differences	242,110	188,899
Unused tax losses	318,699	194,307
Unused tax credits and other	133,957	246,676
Total	**694,766**	**629,882**

In € 000

Deferred tax liabilities	2023	2022
Differences arising from the revaluation of assets following first-time application of IFRS 1	743,338	745,586
Temporary differences (deferred taxes)	94,764	100,777
Total	**838,102**	**846,363**

In € 000

The temporary differences mainly originated from the recognition of impairment losses on items of property, plant and equipment, the limit on the deductibility of interest expense, differences arising from accelerated depreciation schedules and the adjustments made in prior years due to the temporary limit on the deductibility of depreciation charges and the 50% cap on the separate tax loss that is computable for the purposes of determining taxable income at the consolidated level, under additional provision 19 of Spanish Law 27/2014 on Corporate Income Tax.

The above-listed deferred tax assets, recognised in the accompanying consolidated statement of financial position, reflect the Parent's directors' belief, underpinned by its best estimate of the Group's earnings, that it is probable that future taxable profit will be available against which the assets can be utilised.

The reconciliation of deferred taxes at the beginning and end of 2023 and 2022:

2023

Item	Deferred tax assets	Deferred tax liabilities
Balance at 28 February 2022	**188,899**	**846,363**
Temporary differences:		
Current fiscal year	187,615	3,129
Previous fiscal years	(134,404)	(11,391)
Total at 29 February 2024	**242,110**	**838,101**

In € 000

2022

Item	Deferred tax assets	Deferred tax liabilities
Balance at 28 February 2022	**267,645**	**828,623**
Temporary differences:		
Current fiscal year	29,364	25,085
Previous fiscal years	(108,110)	(7,345)
Total at 28 February 2023	**188,899**	**846,363**

In € 000

The balance of deferred tax assets arising from temporary differences in each company are provided in Appendix II.

The unused tax credits capitalised and the corresponding expiration dates:

Type of credit	2023	Year of expiry	2022	Year of expiry
Intra-group double taxation credit	130,300	Unlimited	129,665	Unlimited
International double taxation credit	1,029	Unlimited	448	Unlimited
Investment tax credit	2,628	2035-2036	75,755	2025-2039
Donations to NGOs	-	-	2,275	2022-2031
Re-investment tax credit	-	-	27,510	2022-2030
Reversal of temporary measures	-	-	11,023	Unlimited
Balance at year-end	**133,957**		**246,676**	

In € 000

The unused tax credits generated during the year that have not been capitalised:

Type of credit	2023	Year of expiry	2022	Year of expiry
International double taxation credit	-	-	174	Unlimited
Investment tax credit	714	2039	843	2038-2040
Donations to NGOs	516	2034	610	2033
Reversal of temporary measures	1,485	Unlimited	-	Unlimited
Balance at year-end	**2,715**		**1,627**	

In € 000

Deferred tax assets for the carry forward of unused tax credits at year-end 2023 in each company by type of asset are presented in Appendix II.

The Group has €647.13 million of tax credits in respect of unused tax losses generated by the consolidated tax group, of which €318.70 million have been capitalised.

Under Law 27/2014, there is no time limit for the offset of unused tax losses.

The breakdown of deferred tax assets arising from the carry forward of unused tax losses is provided in Appendix II.

22.8 Years open to inspection and tax inspections

In 2020, the Spanish tax authorities (AEAT) initiated general verification proceedings encompassing 2015 to 2017 in respect of corporate income tax, the settlement periods between June 2016 and February 2018 in relation to value-added tax and the Company's various withholding obligations, with the exception of withholdings in relation to non-resident personal income, for which the inspection covered the period between January 2016 and December 2018.

Between March and April 2022 a number of assessments were signed in respect of the various taxes and tax periods verified, some uncontested and others contested. The settlement agreements related with the assessments that have been contested, which relate mainly to corporate income tax and retentions in respect of non-resident personal income, were received in May and June 2022.

El Corte Inglés has lodged an appeal against the contested assessments before the National Economic-Administrative Court; the proceedings are currently pending ruling. All of which notwithstanding the fact that the original liability lies with the non-resident income tax-payers as the beneficiaries of the income subject to withholding.

In December 2022, the same tax authority initiated a partial verification and inspection limited to the verification of certain matters related with the group's transfer pricing in the area of corporate income tax, this time encompassing 2018 to 2020. In May 2023, the Company signed in agreement the assessment handed down, which does not have a significant impact on the Company's financial statements.

The Company has formally asked to have the competent Spanish and Portuguese authorities initiate friendly procedures in order to eliminate the double taxation generated as a result of transfer price adjustments made by the Spanish Administration, a petition that is pending ruling.

Group companies have all the prescribed tax returns open to inspection. Given the various possible interpretations of applicable tax regulations, the results of any inspections by the tax authorities in the future are uncertain. However, the directors believe that the probability of any such inspections having a material impact on its net assets is remote.

22.9 Other disclosures: Pillar Two

In December 2022, the Council of the European Union approved Directive (EC) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. That Directive implements the Pillar Two rules of the OECD's Inclusive Framework on Base Erosion and Profit Sharing. The Pillar Two rules apply to multinational enterprises with annual revenue in excess of €750 million and require a minimum level of taxation of 15% in each jurisdiction in which those groups operate. The Spanish Cabinet published the draft legislation for transposing Directive (EU) 2022/2523 into Spanish law on 19 December 2023; that new legislation is expected to take effect in 2024.

El Corte Inglés Group has assessed the possible impact of Pillar Two on the basis of the above-mentioned draft Spanish legislation, the EU Directive and the implementation guidelines published by the OECD. Based on an analysis of its most recent tax returns, its country-by-country report and the financial statements of the constituent entities of the Group, it has concluded that their application will not have a significant impact on its financial statements, due to the existence of one or more of the following circumstances in each of its jurisdictions: an effective tax rate of over 15%; a substance-based income carve-out based on assets and payroll expenses in each jurisdiction; or scantly relevant amounts of income and profits.

Note, lastly, that the Group has applied the exception contemplated in the amendments made to IAS 12 in May 2023 allowing it not to recognise or disclose its deferred tax assets and liabilities derived from application of the Pillar Two rules.

The Group companies have all the prescribed tax returns open to inspection. Given the various possible interpretations of applicable tax regulations, the results of any inspections by the tax authorities in the future are uncertain. However, the directors believe that the probability of any such inspections having a material impact on its net assets is remote.

23. REVENUE AND EXPENSES

23.1 Revenue

The breakdown of consolidated revenue by geographic market:

Region	2023	2022
Spain	13,227,156	12,502,768
European Union	666,391	656,996
Rest of the world	546,603	594,288
Total	**14,440,150**	**13,754,052**

In € 000

The breakdown of Group revenue by segment is disclosed in note 26.

23.2 Cost of goods sold

The breakdown of "Cost of goods sold" in 2023 and 2022:

Item	2023	2022
Consumption of goods for resale	9,600,466	9,284,838
Consumption of raw materials and other consumables	83,782	62,612
Subcontracted work	17,926	19,795
Total	**9,702,174**	**9,367,245**

In € 000

23.3 Employee benefits expense

The breakdown of "Employee benefits expense" in 2023 and 2022:

Item	2023	2022
Wages and salaries	1,811,946	1,756,402
Termination benefits	62,818	16,128
Employee benefits:	646,021	580,878
Social Security	605,762	540,986
Other employee benefits	40,259	39,892
Total	**2,520,785**	**2,353,409**

In € 000

The Group's average headcount broken down by job category, in 2023 and 2022:

Categories	Average headcount	
	2023	2022
Managers	6,944	6,366
Coordinators	2,728	2,713
Skilled professionals	5,909	5,405
Professionals	45,504	45,777
Staff	12,194	11,165
Total	**73,279**	**71,426**

The breakdown of the year-end headcount by job category and gender is as follows:

Categories	2023		2022	
	Female	Male	Female	Male
Managers	2,402	4,867	2,220	4,959
Coordinators	1,283	1,489	1,544	1,648
Skilled professionals	4,215	2,154	3,982	2,035
Professionals	34,363	16,964	35,413	17,351
Staff	8,416	5,561	7,515	4,767
Total	**50,679**	**31,035**	**50,674**	**30,760**

The number of Group employees that had a disability of a severity of 33% or higher at year-end 2023 and 2022, by job category:

Categories	2023	2022
Managers	68	73
Coordinators	32	31
Skilled professionals	59	51
Professionals	999	934
Staff	491	511
Total	**1,649**	**1,600**

23.4 Other operating income and expense

"Other operating income and expenses" breaks down as follows:

Item	2023	2022
Changes in inventories of finished products	1	4
Self-constructed assets	46,357	157,634
Other operating income	200,910	191,037
Other operating expenses	(1,383,252)	(1,430,708)
Total	**(1,135,984)**	**(1,082,033)**

In € 000

"Other operating expenses" in the table above in turn breaks down as follows:

Item	2023	2022
Leases	45,948	44,107
Repairs and upkeep	64,040	58,923
Services outsourced	458,384	436,530
Transportation	106,438	59,393
Insurance premiums	21,740	18,512
Banking services	68,028	61,202
Advertising	201,865	189,407
Utilities	178,605	311,647
Taxes other than income tax	116,746	113,117
Other	121,458	137,870
Total	**1,383,252**	**1,430,708**

In €000.

23.5 Finance income and costs

The breakdown of the Group's finance income and costs is as follows:

Item	2023	2022
Finance income:		
Income from equity investments	1,615	315
Income from other securities	7,115	8,327
Total finance income	**8,730**	**8,642**
Finance costs:		
Borrowings from related parties and associates	2,947	1,299
Interest expense on leases	16,694	15,567
Third-party borrowings	116,241	113,579
Total finance costs	**135,882**	**130,445**

In € 000

24. RELATED PARTY TRANSACTIONS AND BALANCES

24.1 Transactions and balances with associates and related parties

The transactions performed with associates and other related parties in 2023 and 2022:

2023

Item	Associates	Other related parties	Total
Sales	30,405	1,667	**32,072**
Purchases	22,596	18,462	**41,058**
Purchase of fixed assets	-	878	**878**
Services rendered	26,730	273	**27,003**
Services received	43,194	1,332	**44,526**

In € 000

2022

Item	Associates	Other related parties	Total
Sales	35,578	1,496	**37,074**
Purchases	23,323	14,923	**38,246**
Services rendered	27,353	275	**27,628**
Services received	44,739	2,041	**46,780**

In € 000

The breakdown of the resulting balances payable to and receivable from associates and related parties at year-end is as follows:

2023

Item	Associates	Other related parties	Total
Trade and other receivables	2,855	80	**2,935**
Current financial investments	8,012	22	**8,034**
Non-current borrowings	261	(48,604)	**(48,343)**
Current borrowings	(5,619)	(25,902)	**(31,521)**
Trade and other payables	(877)	(17,303)	**(18,180)**
Payable to directors	-	(56,023)	**(56,023)**

In € 000

2022

Item	Associates	Other related parties	Total
Trade and other receivables	4,826	53	**4,880**
Current financial investments	32,281	10	**32,291**
Non-current borrowings	(135)	(48,604)	**(48,739)**
Current borrowings	(17,501)	(23,162)	**(40,663)**
Trade and other payables	(11,723)	(5,793)	**(17,516)**
Payable to directors	-	(35,359)	**(35,359)**

In € 000

The main transactions performed by the Group with other related parties are business transactions. Those transactions were arranged on an arm's length basis.

24.2 Director remuneration

The remuneration received by the members of the Company's Board of Directors, classified by item, in 2023 and 2022:

Item	2023	2022
Board of Directors:		
Salaries	9,357	7,932
Other items[(1)]	8,830	7,988
Total	**18,187**	**15,920**

In € 000

(1) Other items: Other remuneration associated with the performance of director duties.

No termination benefits were accrued in 2023. In 2022, termination benefits paid to directors amounted to €17.60 million (including compensation for non-compete clauses).

At 29 February 2024, the Company recognised accounts payable to members of its Board of Directors in the amount of €56.02 million (28 February 2023: €35.40 million) related with remuneration associated with their work as directors and as executives, as well as dividends in some instances.

The Company arranges its director and officer liability insurance under several policies written with different entities; those policies cover all group companies. It paid €0.34 million in premiums for that coverage in 2023 (2022: €0.33 million).

At both reporting dates, the Board of Directors was made up of nine directors (four women and five men).

There were no changes to the composition of the Parent's Board of Directors in 2023.

The main changes in 2022 were as follows:

- Víctor del Pozo Gil left the Group in March 2022, having served as the chief executive of El Corte Inglés for five years.
- Javier Rodríguez-Arias was named director in March 2022.
- Ignacio Garralda joined the Board of Directors in representation of Mutua Madrileña.
- As a result of the purchase of Primefin's 5.5% shareholding in the Company, Shahzad Shahbaz left the board and Antonio Rodríguez Pina was added as a permanent guest (but not a director).

Key management personnel

The remuneration accrued by the Company's key management personnel in 2023 (corresponding to 10 people; nine men and one woman) amounted to €9.20 million (2022: €9.50 million), including remuneration accrued to those who left during those years. Meanwhile, in 2023 termination benefits of EUR 5.7 million (2022: EUR 6.60 million) and payments for non-competition commitments of EUR 1.4 million were recognised.

Long-Term Incentive Plan

On 23 July 2021, El Corte Inglés' shareholders ratified, in general meeting, a cash-settled long-term incentive plan ("LTIP") for its executive directors and certain members of its management team in accordance with delivery of the strategic plan presented by the Group for the 2021-2024 period. The expense recognised in this respect in 2023 amounted to €39.70 million (2022: €24.10 million), of which €12.50 million corresponded to the Company's directors (2022: €10.80 million) and €5.90 million to its key management personnel (2022: €5

million). The total provision in this connection was recognised in "Non-current provisions" in the consolidated statement of financial position (note 16.1).

25. ENVIRONMENTAL DISCLOSURES

The Group has an environmental management policy in compliance with prevailing legislative environmental protection requirements in Spain.

The main lines of initiative pursued in 2023:

25.1 Environmental assets

The Group constantly fine-tunes the systems currently in place to reduce the environmental impact of its facilities by continuing to work to reduce emissions, enhance wastewater treatment and reuse and reduce noise and vibrations. That cost is capitalised within the corresponding facilities in which the systems are located. The cost of the identified environmental assets, broken down by their management function, and the corresponding accumulated depreciation and impairment charges, at year-end 2023 and 2022:

2023

Item	Cost	Accumulated depreciation	Impairment recognised in the year	Carrying amount
Water protection	4,725	(1,431)	(374)	2,920
Air protection	61,160	(45,928)	(2,639)	12,593
Noise protection	2,563	(1,323)	(165)	1,075
Other	1,884	(849)	(80)	955
Total	**70,332**	**(49,531)**	**(3,258)**	**17,543**

In € 000

2022

Item	Cost	Accumulated depreciation	Impairment recognised in the year	Carrying amount
Water protection	4,725	(1,417)	(375)	2,933
Air protection	61,434	(44,950)	(2,780)	13,704
Noise protection	2,563	(1,283)	-	1,280
Other	482	(89)	(18)	375
Total	**69,204**	**(47,739)**	**(3,173)**	**18,292**

In € 000

25.2 Environmental expenses

The Group recognised €17.99 million of environmental protection expenses in 2023 (2022: €16.42 million) under the following headings of the consolidated statement of profit or loss:

Item	2023	2022
Cost of goods sold	1,225	213
External services	13,919	13,736
Taxes other than income tax	2,842	2,469
Total	**17,986**	**16,418**

In € 000

The amounts recognised under cost of goods sold relate to the *ad-hoc* purchase of consumables not included in the external service purchases whose purpose is related with environmental performance, such as: air pollution filters, water treatment products and boiler and treatment facility maintenance products.

External services encompass all services, whether regular maintenance or other general services, purchased with a view to enhancing the Company's environmental performance. Specific actions include the cleaning of air conditioning ducts, onsite water treatment (cleaning, disinfection, etc.), packaging and packaging-waste management, waste transport and handling (fluorescent bulbs, machinery oil, paper waste, vegetable oils, organic waste, sanitary product waste, etc.) and civil liability insurance cover.

Lastly, the taxes other than income tax include environmental levies, mainly derived from the use of landfills.

26. Segment reporting

The Group's core business is the retailing of consumer goods and the provision of a broad range of services, including travel and security services, among others, to which end it leverages a network of department stores, hypermarkets, supermarkets, convenience stores and agencies.

The property management business is becoming increasingly important given the size and variety of the Group's portfolio of property assets - the majority are owner-occupied although there are also properties leased to third parties, land and projects in progress - whose carrying amount at the end of the reporting period was approximately €15,500 million (note 4.2.5.2). This activity could result in a change of segments in future periods if it continues to grow with third parties.

The following tables provide the required disclosures by business segment:

2023

Item	Retail	Travel Group	Other Business Lines	Consolidation Adjustments	Total
Total transaction value	12,844,820	3,305,970	287,344	(105,096)	**16,333,038**
Revenue	12,351,091	1,926,889	267,266	(105,096)	**14,440,150**
Cost of goods sold	(8,121,249)	(1,482,808)	(106,190)	8,073	**(9,702,174)**
Gross profit	4,229,842	444,081	161,076	(97,023)	**4,737,976**
Other operating income and expense	(3,389,646)	(351,250)	(135,767)	219,894	**(3,656,769)**
EBITDA	840,196	92,831	25,309	122,871	**1,081,207**
Depreciation and amortisation	(381,582)	(25,357)	(7,050)	(113,643)	**(527,632)**
Other gains/(losses)	(80,067)	1,532	(1,761)	20,546	**(59,750)**
Operating profit	378,547	69,006	16,498	29,774	**493,825**
Profit for the year	348,117	49,635	21,985	59,835	**479,572**
Capital and acquisitions	446,260	34,543	12,688	(14,831)	**478,660**

In € 000

2022

Item	Retail	Travel Group	Other Business Lines	Consolidation Adjustments	Total
Total transaction value	12,380,130	2,935,064	295,690	(116,774)	**15,494,110**
Revenue	11,920,035	1,676,939	273,852	(116,774)	**13,754,052**
Cost of goods sold	(7,928,073)	(1,334,649)	(120,299)	15,776	**(9,367,245)**
Gross profit	3,991,962	342,290	153,553	(100,998)	**4,386,807**
Other operating income and expense	(3,236,251)	(291,977)	(123,093)	215,879	**(3,435,442)**
EBITDA	755,711	50,313	30,460	114,881	**951,365**
Depreciation and amortisation	(432,295)	(21,648)	(5,771)	(103,389)	**(563,103)**
Other gains/(losses)	(285,991)	(17,457)	(21,730)	(37,023)	**(362,201)**
Operating profit	37,425	11,208	2,959	(25,531)	**26,061**
Profit for the year	380,980	12,259	38,266	438,645	**870,150**
Capital and acquisitions	383,285	73,955	24,947	(77,896)	**404,291**

In € 000

"Total transaction value" is the total amount invoiced to customers. For the Travel Group, it includes transportation-related revenue, third-party travel packages, cruises and other. Also included is the transaction value from Retail in which the Group acts as agent, as disclosed in note 2.6.

The consolidation adjustments that affect net profit or loss relate mainly to the contribution to profit or loss from associates (€60.94 million in 2023 and €43.64 million in 2022), the profit or loss attributable to non-controlling shareholders, and the effects of business combinations.

The breakdown of consolidated revenue by segment and division:

Business	2023	2022
Retail	**12,351,091**	**11,920,035**
Food	3,100,706	2,913,490
Fashion and beauty	4,727,650	4,559,841
Household	1,389,548	1,373,751
Culture & leisure	2,280,360	2,218,838
Miscellaneous	307,986	317,576
Other income	544,841	536,539
Travel Group	**1,926,889**	**1,676,939**
Business travel	506,537	458,103
Leisure travel	1,420,352	1,218,744
Other	-	92
Other Business Lines	**267,266**	**273,852**
Consolidation Adjustments	**(105,096)**	**(116,774)**
Total revenue	**14,440,150**	**13,754,052**

In € 000

Breakdown of the main assets and liabilities in the consolidated statement of financial position by segment:

2023

Item	Retail	Travel Group	Other Business Lines	Consolidation Adjustments	Total
Non-current assets	8,398,218	600,400	505,814	2,180,495	**11,684,927**
Current assets	2,636,647	385,329	191,111	(696,116)	**2,516,971**
Total assets	**11,034,865**	**985,729**	**696,925**	**1,484,379**	**14,201,898**
Equity	4,812,690	363,738	523,158	1,152,724	**6,852,310**
Non-current liabilities	2,282,248	103,145	22,137	906,969	**3,314,499**
Current liabilities	3,939,927	518,846	151,630	(575,314)	**4,035,089**
Total liabilities	**11,034,865**	**985,729**	**696,925**	**1,484,379**	**14,201,898**

In € 000

2022

Item	Retail	Travel Group	Other Business Lines	Consolidation Adjustments	Total
Non-current assets	8,464,628	583,520	464,655	2,151,524	**11,664,326**
Current assets	2,623,962	309,843	213,147	(566,882)	**2,580,070**
Total assets	**11,088,590**	**893,363**	**677,801**	**1,584,642**	**14,244,396**
Equity	4,645,683	315,588	492,394	1,109,905	**6,563,569**
Non-current liabilities	2,469,190	94,523	17,164	947,981	**3,528,859**
Current liabilities	3,973,717	483,252	168,243	(473,244)	**4,151,968**
Total liabilities	**11,088,590**	**893,363**	**677,801**	**1,584,642**	**14,244,396**

In € 000

27. OTHER DISCLOSURES

27.1 Disclosures regarding director conflicts of interest

At year-end 2023, neither the members of the Parent's Board of Directors or any of their related parties (as defined in the consolidated text of Spain's Corporate Enterprises Act) had informed the other members of the Board of Directors of any potential direct or indirect conflicts with respect to the interests of the Group companies.

27.2 Audit fees

The fees paid for financial statement audit and other services to the auditor of the annual consolidated financial statements, Ernst & Young, S.L., and entities related to the latter by means of control, joint ownership or joint management, in 2023 and 2022:

Item	2023		2022	
	Lead auditor	Other firms	Lead auditor	Other firms
Financial statement audit services	1,987	-	1,949	-
Other assurance services	585	-	536	-
Total audit services	**2,572**	**-**	**2,485**	**-**
Tax services	-	-	14	-
Other services	225	-	1,050	-
Total other services	**225**	**-**	**1,064**	**-**
Total	**2,797**	**-**	**3,549**	**-**

In € 000

27.3 Events after the reporting period

As disclosed in note 4.2.15, the Group has entered into an agreement with the Carrefour group to transfer 43 establishments under the Supercor banner, which it will do gradually. At the date of authorisation for issue of these financial statements, the Group had delivered 16 stores, recognising a gain of €13.88 million.

After the end of the reporting period, the Group achieved an investment grade corporate rating. Specifically, the rating agencies S&P Global Ratings and Fitch Ratings upgraded their corporate ratings to BBB-, with a stable outlook.

Finally, and after the end of the reporting period, the Group reached an agreement with the majority of banks in the syndicate covering the second extension of all of the tranches for one more year, so that Tranches A and B, now mature in 2029.

APPENDIX I: EL CORTE INGLÉS GROUP COMPANIES

Company		Business	Location	Auditor	Ownership interest (*)	
					Direct	Indirect
Parent:						
El Corte Inglés, S.A.	(a)	Department stores	Madrid	EY	-	-
Group companies:						
Editorial Centro de Estudios Ramón Areces, S.A.U.	(a)	Publishing	Madrid	EY	100.00	-
El Corte Inglés Cadena de Suministros S.L.U.	(a)	Logistics	Madrid	EY	100.00	-
E.C.I. Hong – Kong Limited	(b)	Purchasing centre	China	Baker Tilly China	100.00	-
E.C.I. Shanghai Limited	(b)	Purchasing centre	China	Baker Tilly China	100.00	-
Supercor, S.A.U.	(a)	Supermarkets	Madrid	EY	100.00	-
El Corte Inglés-Grandes Armazéns, S.A.	(a)	Department stores	Portugal	EY	100.00	-
ECI Cascais, S.A.	(b)	Property leasing	Portugal	-	-	100.00
Uría Veinte, S.A.U.	(a)	Property leasing	Madrid	-	99.05	-
Confecciones Teruel, S.A.U.	(a)	Clothing manufacturing	Madrid	EY	100.00	-
Industrias del Vestido, S.A.U.	(a)	Clothing manufacturing	Madrid	EY	100.00	-
Telecor, S.A.U.	(a)	Sale of telecommunications products and services	Madrid	EY	100.00	-
Ingondel, S.L.U.	(a)	Holding company	Madrid	-	100.00	-
Garanair, S.L.U.	(b)	Holding company of shares in IB OPCO Holding	Madrid	EY	100.00	-
Moda Joven Sfera México, S.A. DE C.V.	(b)	Sale of clothing and accessories	Mexico City	PWC	51.00	-
ECI Puerta del Sol 1, S.L.	(a)	Purchase and sale of real estate	Madrid	-	100.00	-
ECI Puerta del Sol 2, S.L.	(a)	Purchase and sale of real estate	Madrid	-	100.00	-
Parinver subgroup-						
Parinver, S.A.U.	(a)	Holding company	Madrid	-	100.00	-
Sicor Seguridad, S.L.	(a)	Surveillance and protection services	Madrid	EY	-	100.00
Sicor Servicios Integrales, S.L.	(a)	Business services and supplies	Madrid	EY	-	100.00
Sicor Integra El Corte Inglés, S.L.	(a)	Corporate support services	Madrid	-	-	100.00
Sicor Interservicios ETT, S.L.	(a)	Temporary employment agency	Madrid	-	-	100.00
Sicor Limpieza, S.L.	(a)	Other industrial and office cleaning activities	Madrid	-	-	100.00
Sicor Logística, S.L.	(a)	Merchandise handling	Madrid	-	-	100.00
Sicor Empresas, S.L.	(a)	Corporate support services	Madrid	-	-	100.00
Parinver Servicios, S.L.U.	(a)	Portfolio of service provision companies	Madrid	-	-	100.00
Viajes El Corte Inglés subgroup-						
VECI Travel Group, S.L.	(a)	Travel services group	Madrid	EY	75.00	-
Viajes El Corte Inglés, S.A.	(a)	Travel services group	Madrid	EY	-	75.00
CDEV Senior, S.L.U.	(a)	Travel services group	Madrid	EY	-	75.00
Viajes El Corte Inglés, Inc.	(a)	Travel services group	United States	-	-	75.00
Viajes El Corte Inglés, S.A. de C.V.	(b)	Travel services group	Mexico City	EY	-	74.88
Viajes El Corte Inglés Argentina, S.A.	(b)	Travel services group	Argentina	-	-	75.00
Viajes El Corte Inglés Perú, S.A.	(b)	Travel services group	Peru	-	-	75.00
Asesores de Viaje, S.A.	(b)	Travel services group	Chile	EY	-	74.99
Viajes El Corte Inglés Colombia, S.A.	(b)	Travel services group	Colombia	EY	-	75.00

Company		Business	Location	Auditor	Percentage ownership interest	
					Direct	Indirect
Viajes El Corte Inglés R. Dominicana, S.R.L.	(b)	Travel services group	Dominican Republic	-	-	75.00
Tourmundial Uruguay, S.A.	(b)	Travel services group	Uruguay	-	-	75.00
Viajes El Corte Inglés Panamá, S.A.	(b)	Travel services group	Panama	-	-	75.00
Viajes El Corte Inglés Ecuador, S.A.	(b)	Travel services group	Ecuador	-	-	75.00
Operadora de Turismo, S.A.	(b)	Travel services group	Chile	-	-	75.00
Promotora Viajes El Corte Inglés, S.A, de C.V.	(b)	Travel services group	Mexico City	-	-	75.00
Promotores Conosur, S.A.	(b)	Travel services group	Argentina	-	-	75.00
Promotora Viajes El Corte Inglés Colombia S.A.S	(b)	Travel services group	Colombia	-	-	75.00
Viajes Proworld S.A. de CV	(b)	Travel services group	Mexico City	-	-	75.00
Tourmundial	(a)	Travel services group	Madrid	EY	-	75.00
Aperture Travel, S.L.	(a)	Travel services group	Palma de Mallorca	EY	-	75.00
Travelsteps, S.A.R.L.	(a)	Travel services group	France	EY	-	75.00
Travelconcept S.L.	(a)	Travel services group	Palma de Mallorca	EY	-	75.00
Traveltino 2009, S.L.U.	(a)	Travel services group	Santa Cruz de Tenerife	EY	-	75.00
VECI Travel Tech S.L.	(a)	Travel services group	Palma de Mallorca	EY	-	75.00
Sport Travel Management	(a)	Travel services group	Palma de Mallorca	EY	-	75.00
Tu experto en viajes 2020	(a)	Travel services group	Palma de Mallorca	EY	-	75.00
Top Tourism Marketing	(a)	Travel services group	Palma de Mallorca	EY	-	75.00
Travelfactory Portugal	(a)	Travel services group	Portugal	EY	-	75.00
Travelfactory SRL	(a)	Travel services group	Italy	EY	-	75.00
Logitravel Limited	(a)	Travel services group	UK	EY	-	75.00
Magic Rooms Accommodation	(a)	Travel services group	UK	EY	-	75.00
Logitravel GmbH	(a)	Travel services group	Germany	EY	-	75.00
Travelconcept Viagens E T	(a)	Travel services group	Brazil	EY	-	75.00
Traveltino S.A.	(a)	Travel services group	Uruguay	EY	-	75.00
Travelnet DMCC	(a)	Travel services group	United Arab Emirates	EY	-	75.00
LLC TravelTool East (**)	(a)	Travel services group	Russia	EY	-	75.00
Travel Agencies Management Services, S.L.	(a)	Travel services group	Palma de Mallorca	-	-	75.00
Asón Inmobiliaria de Arriendos subgroup-						
Asón Inmobiliaria de Arriendos, S.L.U.	(a)	Property leasing	Madrid	A.B. Auditores	100.00	-
Esgueva, S.A.U.	(a)	Property leasing and organisation of events	Madrid	-	-	100.00
Ízaro Films, S.A.U.	(a)	Audiovisual activities	Madrid	EY	-	100.00
Iniciativas Inmobiliarias Valderas, S.A.U.	(a)	Property leasing	Madrid	-	-	100.00
ECI Boavista	(b)	Property leasing	Portugal	-	-	100.00
Construcc Inmobiliarias Alcoral, S.A.U.	(a)	Property leasing	Madrid	-	-	100.00
Promociones Inmobiliarias Gallegas, S.A.U.	(a)	Property leasing	Madrid	-	-	100.00
Associates:						
Centro de Seguros y Servicios. Correduría de Seguros, S.A.,	(b)	Insurance brokerage	Madrid	PwC	49.99	-
Grupo de Seguros El Corte Inglés						
Seguros El Corte Inglés, Vida, Pensiones y Reaseguros, S.A.U.	(b)	Insurance	Madrid	PwC	49.99	-

Company		Business	Location	Auditor	Percentage ownership interest	
					Direct	Indirect
Gestión de puntos de Venta, GESPEVESA, S.A.	(b)	Service stations and conveniences stores	Madrid	PWC	5.00	-
Sephora Cosméticos España, S.L.	(b)	Sale of fragrances and cosmetics	Madrid	PWC	50.00	-
Citorel, S.L.	(a)	Sale of jewellery and watches	Madrid	-	50.00	-
Financiera El Corte Inglés E.F.C., S.A.	(b)	Finance	Madrid	PWC	49.00	-
Financiera El Corte Inglés PT S.F.C., S.A.	(b)	Finance	Madrid	PWC	-	49.00
KIO Networks España	(a)	Sale of computer products and services	Murcia	Deloitte	50.00	-
Lecius, S.L.	(b)	Sale of jewellery and watches	Barcelona	-	50.00	-

(a) Year ended 29 February 2024.

(a) Year ended 31 December 2023.

(*) The companies in the above table in which the Parent holds a percentage interest greater than 50% of the shares or ownership interests with voting rights (either directly or indirectly) are fully consolidated (note 2.8.1.). The rest of the companies are accounted for using the equity method as described in that note.

(**) Ceased operations due to the geopolitical situation.

Appendix II: Other tax disclosures

Deferred tax assets arising from temporary differences recognised at the end of 2023 for each company:

Temporary differences - Tax consolidation group	Total
Recognised	**182,388**
Amortisation of intangible assets and goodwill (art. 12.2 of the CIT Act) and depreciation and amortisation in transitional provision 13ª.1 of the CIT Act	**426**
El Corte Inglés, S.A.	426
Other non-tax-deductible provisions (article 14 of the CIT Act) not affected by article 11.12 of the CIT Act	**59,185**
El Corte Inglés, S.A.	57,559
Viajes El Corte Inglés, S.A.	968
Supercor, S.A.	627
CDEV Senior, S.L.	21
Tourmundial Operadores, S.A.	10
Impairment losses under article 13.1 of the CIT Act not affected by art. 11.12 or transitional provision 33ª.1 of the CIT Act	**13**
Travelconcept, S.L.	4
Traveltino 2009, S.L.	8
Telecor, S.A.	1
Impairment losses on PP&E, investment property and intangible assets, excluding goodwill (art. 13.2 a) and transitional provision 15 of the CIT Act)	**50,500**
El Corte Inglés, S.A.	42,285
Supercor, S.A.	8,215
Adjustments for the limit on the tax deductibility of finance costs (art. 16 of the CIT Act)	**33,543**
El Corte Inglés, S.A.	33,543
Other temporary differences in the recognition of revenue and expenses (art. 11 of the CIT Act)	**3,608**
El Corte Inglés, S.A.	3,608
Difference between depreciation and amortisation for accounting and tax purposes (art. 12.1 of the CIT Act)	**2,237**
El Corte Inglés, S.A.	2,237
Negative income (art. 11.9 and 11.10 of the CIT Act)	**7**
Viajes El Corte Inglés, S.A.	7
Adjustments made to determine Tax Group taxable income (50% cap on unused losses)	**25,441**
El Corte Inglés, S.A.	25,103
Construcciones Inmobiliarias Alcoral, S.A.	4
Aperture Travel, S.L.	219
Editorial Centro de Estudios Ramón Areces, S.A.	29
Confecciones Teruel, S.A.	2

Esgueva, S.A.	0.2
Garanair, S.A.	5
Industrías del Vestido, S.A.	10
Parinver Servicios, S.L.	12
Rubiños 1860, S.A.	0.3
Sicor Limpieza Integral, S.L.	3
Entradas El Corte Inglés, S.L.	1
Telecor, S.A.	20
Veci Travel Group, S.L.	32
Deduction of 30% of accounting D&A (excluding small undertakings) (art. 7 of Law 16/2012)	**7,428**
El Corte Inglés, S.A.	6,824
Ason Inmobiliaria de Arriendos, S.L.	32
Editorial Centro de Estudios Ramón Areces, S.A.	0.1
Confecciones Teruel, S.A.	2
Esgueva, S.A.	0.4
Industrías del Vestido, S.A.	2
Izaro Films, S.A.	1
Parinver, S.A.	3
Promociones Inmobiliarias Gallegas, S.A.	0.1
Rubiños 1860, S.A.	0.001
Sicor Servicios Integrales, S.L.	0.3
Sicor Seguridad El Corte Inglés, S.A.	3
Supercor, S.A.	351
Telecor, S.A.	40
Travelconcept, S.L.	0.2
Traveltino 2009, S.L.	0.1
Tu Experto En Viajes 2020, S.L.	0.03
Uria Veinte, S.A.	0.4
Veci Group Tech, S.L.	0.1
Viajes El Corte Inglés, S.A.	168

In € 000

Temporary differences - Rest of the Group	Total
Recognised	**42,111**
El Corte Inglés-Grandes Armazéns, S.A.	467
Sephora Cosméticos España, S.L.	1,922
Seguros El Corte Inglés, Vida, Pensiones y Reaseguros, S.A.	99

Moda Joven Sfera México, S.A. de C.V	1
Financiera El Corte Inglés E.F.C., S.A.	2,859
Gestión de Puntos de Venta, S.A.	8,751
Citorel, S.L.	74
Asesora de Viajes, S.A. (Chile)	16,282
Operadora de Turismo, S.A. (Chile)	10
Viajes El Corte Inglés, S.A. de C.V. (México)	9,154
Correduría de Seguros Corporativos ECI, S.A.	2,492

In € 000

Unrecognised deferred tax assets arising from temporary differences at the end of 2023 for each company:

Temporary differences - Tax consolidation group	Total
Unrecognised	**608,004**
Amortisation of intangible assets and goodwill (art. 12.2 of the CIT Act) and depreciation and amortisation in transitional provision 13ª.1 of the CIT Act	**5,023**
El Corte Inglés, S.A.	4,988
Izaro Films, S.A.	25
Sicor Seguridad El Corte Inglés, S.A.	6
Supercor, S.A.	1
Viajes El Corte Inglés, S.A.	3
Other non-tax-deductible provisions (article 14 of the CIT Act) not affected by article 11.12 of the CIT Act	**25,283**
El Corte Inglés, S.A.	23,106
Supercor, S.A.	60
Viajes El Corte Inglés, S.A.	1,410
Tourmundial Operadores, S.A.	49
Aperture Travel, S.L.	124
Travel Agencies Management, S.L.	9
Travelconcept, S.L.	201
Traveltino 2009, S.L.	57
Tu Experto En Viajes 2020, S.L.	54
Veci Group Tech, S.L.	213
Impairment losses under article 13.1 of the CIT Act not affected by art. 11.12 or transitional provision 33ª.1 of the CIT Act	**625**
El Corte Inglés, S.A.	625
Impairment losses on PP&E, investment property and intangible assets , excluding goodwill (art. 13.2 a) and transitional provision 15 of the CIT Act)	**342,950**
El Corte Inglés, S.A.	301,987
Supercor, S.A.	28,578

Iniciativas Inmobiliarias Valderas, S.A.	8,061
Veci Group Tech, S.L.	3,643
Viajes El Corte Inglés, S.A.	162
Construcciones Inmobiliarias Alcoral, S.A.	248
Confecciones Teruel, S.A.	201
Industrías del Vestido, S.A.	41
Esgueva, S.A.	29
Other temporary differences in the recognition of revenue and expenses (art. 11 of the CIT Act)	**281**
Aperture Travel, S.L.	164
Viajes El Corte Inglés, S.A.	117
Negative income (art. 11.9 and 11.10 of the CIT Act)	**141**
Viajes El Corte Inglés, S.A.	141
Adjustments made to determine Tax Group taxable income (50% cap on unused losses)	**16,961**
El Corte Inglés, S.A.	16,737
Construcciones Inmobiliarias Alcoral, S.A.	3
Aperture Travel, S.L.	146
Editorial Centro de Estudios Ramón Areces, S.A.	19
Confecciones Teruel, S.A.	1
Esgueva, S.A.	0.2
Garanair, S.A.	3
Industrías del Vestido, S.A.	7
Parinver Servicios, S.L.	8
Rubiños 1860, S.A.	0.2
Sicor Limpieza Integral, S.L.	2
Entradas El Corte Inglés, S.L.	1
Telecor, S.A.	13
Veci Travel Group, S.L.	21
Other adjustments to profit or loss	**25**
Aperture Travel, S.L.	9
Travelconcept, S.L.	2
Traveltino 2009, S.L.	6
Tu Experto En Viajes 2020, S.L.	0.2
Veci Group Tech, S.L.	7
Travel Agencies Management, S.L.	1
Temporary joint ventures (UTEs), adjustments of art. 45.1 of the CIT Act	**68**
El Corte Inglés, S.A.	68
Impairment losses on equity instruments or investments (art. 15 k) of the CIT Act)	**3,671**

Iniciativas Inmobiliarias Valderas, S.A.	3,671
Adjustments for impairment losses on equity instruments or investments (art. 13.2 b) of the CIT Act)	**192,812**
El Corte Inglés, S.A.	178,756
Cinamar, S.A.	344
Parinver, S.A.	11,577
Viajes El Corte Inglés, S.A.	1,932
Ason Inmobiliaria de Arriendos, S.L.	140
Aperture Travel, S.L.	63
Cinamar, S.A.	0.4
Adjustments for impairment losses on equity instruments or investments (DT 16ª.1 and 2 of the CIT Act)	**15**
Parinver, S.A.	15
Adjustments for impairment losses on equity instruments or investments (DT 16ª.3 of the CIT Act)	**2,706**
El Corte Inglés, S.A.	1,302
Cinamar, S.A.	649
Parinver, S.A.	289
Viajes El Corte Inglés, S.A.	466
Provision for losses of investees	**176**
Viajes El Corte Inglés, S.A.	176
Valuation changes recognised in equity	**17,267**
El Corte Inglés, S.A.	15,308
Parinver, S.A.	820
Supercor, S.A.	264
Telecor, S.A.	873
Other	**2**

In € 000

The unused tax credits capitalised and the corresponding expiration dates:

Type of credit	2023	Year of expiry	2022	Year of expiry
Intra-group double taxation credit	130,300	Unlimited	129,665	Unlimited
International double taxation credit	1,029	Unlimited	448	Unlimited
Investment tax credit	**2,629**	2035-2036	**75,755**	2025-2039
Donations to NGOs	-		2,275	2022-2031
Re-investment tax credit	-		27,510	2022-2030
Reversal of temporary measures	-		11,023	Unlimited
Balance at year-end	**133,958**		**246,676**	

In € 000

The unused tax credits generated during the year that have not been capitalised:

Type of credit	2023	Year of expiry	2022	Year of expiry
Intra-group double taxation credit	-		-	Unlimited
International double taxation credit	-		174	Unlimited
Investment tax credit	**714**	2039	**843**	2038-2040
Donations to NGOs	516	2034	610	2033
Re-investment tax credit	-	-	-	-
Reversal of temporary measures	1,485	Unlimited	-	Unlimited
Balance at year-end	**2,715**		**1,627**	

In € 000

Deferred tax assets arising from unused tax credits at year-end 2023 in each company by type:

Deductions - Tax consolidation group	Total	Year arising	Year of expiry
Recognised	**133,956**		
Intra-group double taxation credit	**130,300**		
El Corte Inglés, S.A.	17,842	2012	Unlimited
Parinver, S.A.	1	2012	Unlimited
Viajes El Corte Inglés, S.A.	0.003	2012	Unlimited
El Corte Inglés, S.A.	48,694	2013	Unlimited
Parinver, S.A.	1	2013	Unlimited
Viajes El Corte Inglés, S.A.	0.003	2013	Unlimited
El Corte Inglés, S.A.	9,228	2014	Unlimited
Parinver, S.A.	155	2014	Unlimited
El Corte Inglés, S.A.	52,825	2015	Unlimited

El Corte Inglés, S.A.	1,554	2022	Unlimited
International double taxation credit	**1,028**		
El Corte Inglés, S.A.	16	2005	Unlimited
El Corte Inglés, S.A.	16	2006	Unlimited
El Corte Inglés, S.A.	27	2007	Unlimited
El Corte Inglés, S.A.	11	2008	Unlimited
El Corte Inglés, S.A.	29	2009	Unlimited
El Corte Inglés, S.A.	36	2010	Unlimited
El Corte Inglés, S.A.	29	2011	Unlimited
Editorial Centro de Estudios Ramón Areces, S.A.	1	2011	Unlimited
El Corte Inglés, S.A.	33	2012	Unlimited
Editorial Centro de Estudios Ramón Areces, S.A.	1	2012	Unlimited
Viajes El Corte Inglés, S.A.	1	2012	Unlimited
El Corte Inglés, S.A.	42	2013	Unlimited
Viajes El Corte Inglés, S.A.	2	2013	Unlimited
El Corte Inglés, S.A.	71	2014	Unlimited
Viajes El Corte Inglés, S.A.	1	2014	Unlimited
El Corte Inglés, S.A.	105	2015	Unlimited
Viajes El Corte Inglés, S.A.	1	2015	Unlimited
El Corte Inglés, S.A.	24	2020	Unlimited
El Corte Inglés, S.A.	164	2021	Unlimited
El Corte Inglés, S.A.	174	2022	Unlimited
El Corte Inglés, S.A.	244	2023	Unlimited
Tourmundial Operadores, S.A.	0.4	2023	Unlimited
Investment tax credit - Canary Islands	**2,628**		
El Corte Inglés, S.A.	299	2017	2035
Viajes El Corte Inglés, S.A.	54	2017	2035
Supercor, S.A.	42	2017	2035
El Corte Inglés, S.A.	2,233	2018	2036

Deductions - Rest of the Group	Total	Year arising	Year of expiry
Recognised	**588**		
Investment tax credit - Canary Islands	**588**		
Insurance and Services Centre – Correduría de Seguros, S.A.,	588	2021	2039

In € 000

Unrecognised deferred tax assets arising from unused tax credits at year-end 2023 in each company by type:

Deductions - Tax consolidation group	Total	Year arising	Year of expiry
Unrecognised	124,703		
Investment tax credit - Canary Islands	10868		
El Corte Inglés, S.A.	628	2018	2033
Viajes El Corte Inglés, S.A.	55	2018	2033
Supercor, S.A.	254	2018	2033
El Corte Inglés, S.A.	4,669	2019	2034
Viajes El Corte Inglés, S.A.	79	2019	2034
Supercor, S.A.	45	2019	2034
El Corte Inglés, S.A.	2,705	2020	2035
Viajes El Corte Inglés, S.A.	5	2020	2035
Supercor, S.A.	45	2020	2035
El Corte Inglés, S.A.	951	2021	2036
Viajes El Corte Inglés, S.A.	7	2021	2036
Supercor, S.A.	1	2021	2036
El Corte Inglés, S.A.	755	2022	2037
Viajes El Corte Inglés, S.A.	5	2022	2037
Supercor, S.A.	11	2022	2037
El Corte Inglés Cadena de Suministro, S.L.	25	2022	2037
El Corte Inglés, S.A.	535	2023	2038
El Corte Inglés Cadena de Suministro, S.L.	34	2023	2038
Supercor, S.A.	54	2023	2038
Viajes El Corte Inglés, S.A.	5	2023	2038
Investment tax credit - R&D	55,023		
El Corte Inglés, S.A.	3,461	2009	2027
El Corte Inglés, S.A.	946	2010	2028
Viajes El Corte Inglés, S.A.	137	2010	2028
Cinamar, S.A.	277	2010	2028
El Corte Inglés, S.A.	1,778	2011	2029
Viajes El Corte Inglés, S.A.	714	2011	2029
Telecor, S.A.	653	2011	2029
Cinamar, S.A.	279	2011	2029
El Corte Inglés, S.A.	3,562	2012	2030
Viajes El Corte Inglés, S.A.	805	2012	2030

Cinamar, S.A.	214	2012	2030
El Corte Inglés, S.A.	4,694	2013	2031
Viajes El Corte Inglés, S.A.	461	2013	2031
Telecor, S.A.	181	2013	2031
El Corte Inglés, S.A.	5,891	2014	2032
Viajes El Corte Inglés, S.A.	543	2014	2032
Telecor, S.A.	185	2014	2032
El Corte Inglés, S.A.	3,782	2015	2033
Viajes El Corte Inglés, S.A.	13	2015	2033
Telecor, S.A.	195	2015	2033
El Corte Inglés, S.A.	3,533	2016	2034
Viajes El Corte Inglés, S.A.	55	2016	2034
Telecor, S.A.	207	2016	2034
Veci Group Tech, S.L.	172	2016	2034
El Corte Inglés, S.A.	3,683	2017	2035
Viajes El Corte Inglés, S.A.	66	2017	2035
El Corte Inglés, S.A.	2,119	2018	2036
Veci Group Tech, S.L.	232	2018	2036
Aperture Travel, S.L.	29	2018	2036
El Corte Inglés, S.A.	4,497	2019	2037
Veci Group Tech, S.L.	817	2019	2037
Aperture Travel, S.L.	97	2019	2037
El Corte Inglés, S.A.	4,822	2020	2038
Veci Group Tech, S.L.	434	2020	2038
Aperture Travel, S.L.	38	2020	2038
El Corte Inglés, S.A.	1,130	2021	2039
El Corte Inglés, S.A.	3,740	2021	2039
Veci Group Tech, S.L.	577	2021	2039
Aperture Travel, S.L.	4	2021	2039
Investment tax credit - Job creation	3136		
Supercor, S.A.	5	2012	2027
Supercor, S.A.	1	2013	2028
Supercor, S.A.	1	2014	2029
El Corte Inglés, S.A.	98	2016	2031
Supercor, S.A.	6	2016	2031
El Corte Inglés, S.A.	26	2017	2032

Supercor, S.A.	13	2017	2032
El Corte Inglés, S.A.	447	2018	2033
Supercor, S.A.	41	2018	2033
El Corte Inglés, S.A.	252	2019	2034
Supercor, S.A.	164	2019	2034
El Corte Inglés, S.A.	244	2020	2035
Supercor, S.A.	41	2020	2035
El Corte Inglés, S.A.	89	2021	2036
Supercor, S.A.	9	2021	2036
El Corte Inglés, S.A.	1,342	2022	2037
Supercor, S.A.	38	2022	2037
Sicor Seguridad El Corte Inglés, S.A.	89	2022	2037
Sicor Servicios Integrales, S.L.	1	2022	2037
El Corte Inglés Cadena de Suministro, S.L.	141	2022	2037
Sicor Integra El Corte Inglés, S.A.	2	2023	2038
El Corte Inglés, S.A.	41	2023	2038
Supercor, S.A.	24	2023	2038
Viajes El Corte Inglés, S.A.	14	2023	2038
Sicor Seguridad El Corte Inglés, S.A.	7	2023	2038
Investment tax credit - Book publishing	1.5		
Editorial Centro de Estudios Ramón Areces, S.A.	1	2012	2027
Editorial Centro de Estudios Ramón Areces, S.A.	0.5	2013	2028
Investment tax credit - Events	16,500		
El Corte Inglés, S.A.	3,261	2011	2026
El Corte Inglés, S.A.	5,531	2011	2026
Viajes El Corte Inglés, S.A.	788	2011	2026
Viajes El Corte Inglés, S.A.	270	2011	2026
El Corte Inglés, S.A.	103	2012	2027
Viajes El Corte Inglés, S.A.	1,912	2012	2027
El Corte Inglés, S.A.	452	2013	2028
El Corte Inglés, S.A.	638	2013	2028
El Corte Inglés, S.A.	360	2013	2028
El Corte Inglés, S.A.	2,554	2014	2029
El Corte Inglés, S.A.	1	2015	2030
El Corte Inglés, S.A.	630	2017	2032
Donations to NGOs	2,994		

Viajes El Corte Inglés, S.A.	4	2018	2028
El Corte Inglés, S.A.	425	2018	2028
El Corte Inglés, S.A.	571	2019	2029
Viajes El Corte Inglés, S.A.	3	2019	2029
El Corte Inglés, S.A.	357	2020	2030
Veci Group Tech, S.L.	0.1	2020	2030
Aperture Travel, S.L.	1	2020	2030
Aperture Travel, S.L.	1	2021	2031
El Corte Inglés, S.A.	607	2021	2031
El Corte Inglés, S.A.	508	2022	2032
Viajes El Corte Inglés, S.A.	1	2022	2032
Supercor, S.A.	0.2	2022	2032
El Corte Inglés, S.A.	511	2023	2033
Supercor, S.A.	1	2023	2033
Travelconcept, S.L.	1	2023	2033
Viajes El Corte Inglés, S.A.	3	2023	2033
Re-investment tax credit	23,709		
El Corte Inglés, S.A.	9,042	2012	2027
Viajes El Corte Inglés, S.A.	0.02	2012	2027
El Corte Inglés, S.A.	6,777	2013	2028
Industrías del Vestido, S.A.	0.1	2013	2028
Supercor, S.A.	0.4	2013	2028
El Corte Inglés, S.A.	7,887	2014	2029
Confecciones Teruel, S.A.	0.4	2014	2029
Industrías del Vestido, S.A.	2	2014	2029
Reversal of temporary measures	12,472		
El Corte Inglés, S.A.	546	2015	Unlimited
Editorial Centro de estudios R.A.	0.01	2015	Unlimited
Viajes El Corte Inglés, S.A.	13	2015	Unlimited
Confecciones Teruel, S.A.	0.1	2015	Unlimited
Industrías del Vestido, S.A.	0.2	2015	Unlimited
Supercor, S.A.	23	2015	Unlimited
Telecor, S.A.	3	2015	Unlimited
Uria Veinte, S.A.	0.03	2015	Unlimited
Parinver, S.A.	0.2	2015	Unlimited
Rubiños 1860, S.A.	0.0001	2015	Unlimited

Izaro Films, S.A.	0.04	2015	Unlimited
Esgueva, S.A.	0.03	2015	Unlimited
El Corte Inglés, S.A.	0.02	2015	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	3	2015	Unlimited
El Corte Inglés, S.A.	1,365	2016	Unlimited
Editorial Centro de estudios R.A.	0.02	2016	Unlimited
Viajes El Corte Inglés, S.A.	34	2016	Unlimited
Confecciones Teruel, S.A.	0.3	2016	Unlimited
Industrías del Vestido, S.A.	0.4	2016	Unlimited
Supercor, S.A.	58	2016	Unlimited
Telecor, S.A.	8	2016	Unlimited
Uria Veinte, S.A.	0.1	2016	Unlimited
Parinver, S.A.	1	2016	Unlimited
Rubiños 1860, S.A.	0.0003	2016	Unlimited
Izaro Films, S.A.	0.1	2016	Unlimited
Esgueva, S.A.	0.1	2016	Unlimited
El Corte Inglés, S.A.	0.04	2016	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2016	Unlimited
El Corte Inglés, S.A.	1,365	2017	Unlimited
Editorial Centro de estudios R.A.	0.02	2017	Unlimited
Viajes El Corte Inglés, S.A.	34	2017	Unlimited
Confecciones Teruel, S.A.	0.3	2017	Unlimited
Industrías del Vestido, S.A.	0.4	2017	Unlimited
Supercor, S.A.	58	2017	Unlimited
Telecor, S.A.	8	2017	Unlimited
Uria Veinte, S.A.	0.1	2017	Unlimited
Parinver, S.A.	1	2017	Unlimited
Rubiños 1860, S.A.	0.0003	2017	Unlimited
Izaro Films, S.A.	0.1	2017	Unlimited
Esgueva, S.A.	0.1	2017	Unlimited
El Corte Inglés, S.A.	0.04	2017	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2017	Unlimited
El Corte Inglés, S.A.	1,365	2018	Unlimited
Editorial Centro de estudios R.A.	0.02	2018	Unlimited
Viajes El Corte Inglés, S.A.	34	2018	Unlimited
Confecciones Teruel, S.A.	0.3	2018	Unlimited

Industrías del Vestido, S.A.	0.4	2018	Unlimited
Supercor, S.A.	58	2018	Unlimited
Telecor, S.A.	8	2018	Unlimited
Uria Veinte, S.A.	0.1	2018	Unlimited
Parinver, S.A.	1	2018	Unlimited
Rubiños 1860, S.A.	0.0003	2018	Unlimited
Izaro Films, S.A.	0.1	2018	Unlimited
Esgueva, S.A.	0.1	2018	Unlimited
El Corte Inglés, S.A.	0.04	2018	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2018	Unlimited
El Corte Inglés, S.A.	1,365	2019	Unlimited
Editorial Centro de estudios R.A.	0.02	2019	Unlimited
Viajes El Corte Inglés, S.A.	34	2019	Unlimited
Confecciones Teruel, S.A.	0.3	2019	Unlimited
Industrías del Vestido, S.A.	0.4	2019	Unlimited
Supercor, S.A.	109	2019	Unlimited
Telecor, S.A.	8	2019	Unlimited
Promociones Inmobiliarias Gallegas, S.A.	0.01	2019	Unlimited
Uria Veinte, S.A.	0.1	2019	Unlimited
Parinver, S.A.	1	2019	Unlimited
Rubiños 1860, S.A.	0.0003	2019	Unlimited
Izaro Films, S.A.	0.1	2019	Unlimited
Esgueva, S.A.	0.1	2019	Unlimited
El Corte Inglés, S.A.	0.04	2019	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2019	Unlimited
El Corte Inglés, S.A.	1,365	2020	Unlimited
Editorial Centro de estudios R.A.	0.02	2020	Unlimited
Viajes El Corte Inglés, S.A.	34	2020	Unlimited
Confecciones Teruel, S.A.	0.3	2020	Unlimited
Industrías del Vestido, S.A.	0.4	2020	Unlimited
Supercor, S.A.	68	2020	Unlimited
Telecor, S.A.	8	2020	Unlimited
Promociones Inmobiliarias Gallegas, S.A.	0.01	2020	Unlimited
Uria Veinte, S.A.	0.1	2020	Unlimited
Parinver, S.A.	1	2020	Unlimited
Rubiños 1860, S.A.	0.0003	2020	Unlimited

Izaro Films, S.A.	0.1	2020	Unlimited
Esgueva, S.A.	0.1	2020	Unlimited
El Corte Inglés, S.A.	0.04	2020	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2020	Unlimited
Traveltino 2009, S.L.	0.01	2020	Unlimited
Travelconcept, S.L.	0.04	2020	Unlimited
El Corte Inglés, S.A.	1,365	2021	Unlimited
Editorial Centro de estudios R.A.	0.02	2021	Unlimited
Viajes El Corte Inglés, S.A.	34	2021	Unlimited
Confecciones Teruel, S.A.	0.3	2021	Unlimited
Industrías del Vestido, S.A.	0.4	2021	Unlimited
Supercor, S.A.	68	2021	Unlimited
Telecor, S.A.	8	2021	Unlimited
Sicor Servicios Integrales, S.L.	0.1	2021	Unlimited
Sicor Seguridad El Corte Inglés, S.A.	1	2021	Unlimited
Promociones Inmobiliarias Gallegas, S.A.	0.01	2021	Unlimited
Uria Veinte, S.A.	0.1	2021	Unlimited
Parinver, S.A.	1	2021	Unlimited
Rubiños 1860, S.A.	0.0003	2021	Unlimited
Izaro Films, S.A.	0.1	2021	Unlimited
Esgueva, S.A.	0.1	2021	Unlimited
El Corte Inglés, S.A.	0.04	2021	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2021	Unlimited
Travelconcept, S.L.	0.04	2021	Unlimited
Traveltino 2009, S.L.	0.01	2021	Unlimited
Travelconcept, S.L.	0.01	2021	Unlimited
Traveltino 2009, S.L.	0.002	2021	Unlimited
El Corte Inglés, S.A.	1,365	2022	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2022	Unlimited
Editorial Centro de estudios R.A.	0.02	2022	Unlimited
Confecciones Teruel, S.A.	0.3	2022	Unlimited
Esgueva, S.A.	0.1	2022	Unlimited
Industrías del Vestido, S.A.	0.4	2022	Unlimited
Izaro Films, S.A.	0.1	2022	Unlimited
Parinver, S.A.	1	2022	Unlimited
Rubiños 1860, S.A.	0.0003	2022	Unlimited

Supercor, S.A.	70	2022	Unlimited
Telecor, S.A.	8	2022	Unlimited
Uria Veinte, S.A.	0.1	2022	Unlimited
Viajes El Corte Inglés, S.A.	34	2022	Unlimited
Sicor Seguridad El Corte Inglés, S.A.	1	2022	Unlimited
Sicor Servicios Integrales, S.L.	0.1	2022	Unlimited
Veci Group Tech, S.L.	0.03	2022	Unlimited
Tu Experto En Viajes 2020, S.L.	0.01	2022	Unlimited
Traveltino 2009, S.L.	0.01	2022	Unlimited
Travelconcept, S.L.	0.04	2022	Unlimited
Promociones Inmobiliarias Gallegas, S.A.	0.01	2022	Unlimited
El Corte Inglés, S.A.	1,365	2023	Unlimited
Ason Inmobiliaria de Arriendos, S.L.	6	2023	Unlimited
Editorial Centro de estudios R.A.	0.02	2023	Unlimited
Confecciones Teruel, S.A.	0.3	2023	Unlimited
Esgueva, S.A.	0.1	2023	Unlimited
Industrías del Vestido, S.A.	0.4	2023	Unlimited
Izaro Films, S.A.	0.1	2023	Unlimited
Parinver	1	2023	Unlimited
Rubiños 1860, S.A.	0.0003	2023	Unlimited
Supercor, S.A.	70	2023	Unlimited
Telecor, S.A.	8	2023	Unlimited
Uria Veinte, S.A.	0.1	2023	Unlimited
Viajes El Corte Inglés, S.A.	34	2023	Unlimited
Sicor Seguridad El Corte Inglés, S.A.	1	2023	Unlimited
Sicor Servicios Integrales, S.L.	0.1	2023	Unlimited
Veci Group Tech, S.L.	0.03	2023	Unlimited
Tu Experto En Viajes 2020, S.L.	0.01	2023	Unlimited
Traveltino 2009, S.L.	0.01	2023	Unlimited
Travelconcept, S.L.	0.04	2023	Unlimited
Promociones Inmobiliarias Gallegas, S.A.	0.01	2023	Unlimited

In € 000

Deferred tax assets arising from the carry forward of unused tax losses at year-end 2023 in each company:

Unused tax losses - Tax consolidation group	Total	Year arising
Recognised	**318,702**	
El Corte Inglés, S.A.	31,556	2011
Parinver, S.A.	3,698	2011
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.03	2011
Confecciones Teruel, S.A	11	2011
Industrias del Vestido, S.A	52	2011
Supercor, S.A.	13,044	2011
Rubiños 1860, S.A.	7	2011
Esgueva, S.A.	223	2011
Cinamar, S.A.	315	2011
Ason Inmobiliaria de Arriendos, S.L.	17	2011
El Corte Inglés, S.A.	122,405	2012
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.01	2012
Confecciones Teruel, S.A	608	2012
Industrias del Vestido, S.A.	1,436	2012
Supercor, S.A.	8,079	2012
Telecor, S.A.	645	2012
El Corte Inglés, S.A. (formerly Construcciones, Promociones e Instalaciones, S.A.)	4	2012
Cinamar, S.A.	272	2012
Ason Inmobiliaria de Arriendos, S.L.	163	2012
El Corte Inglés, S.A.	56,600	2013
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.01	2013
Confecciones Teruel, S.A	1,052	2013
Industrias del Vestido, S.A.	1,551	2013
Supercor, S.A.	48,002	2013
Iniciativas Inmobiliarias Valderas, S.A.	232	2018
Entradas El Corte Inglés, S.L.	11	2018
Construcciones Inmobiliarias Alcoral, S.A.	1	2020
Travel Concept, S.L.	1,122	2020
Traveltino 2009, S.L.	9	2020
Veci Group Tech, S.L	1,004	2020
Tu Experto en Viajes, S.L.U	82	2020
Aperture Travel, S.L	355	2020
Travel Concept, S.L	108	2021
Traveltino 2009, S.L.	330	2021

Veci Group Tech, S.L	318	2021
Traveltino 2009, S.L.	419	2021
El Corte Inglés, S.A.	3,948	2022
Editorial Centro de estudios Ramón Areces, S.A	32	2022
Viajes El Corte Inglés, S.A.	1,503	2022
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.05	2022
Supercor, S.A.	1,446	2022
Telecor, S.A.	210	2022
Iniciativas Inmobiliarias Valderas, S.A.	75	2022
Veci Travel Group, S.L.	19	2022
Sicor Limpieza Integral, S.L.	0.2	2022
Parinver Servicios, S.L. (formerly Sicor Logística Integral, S.L.)	0.1	2022
Parinver Servicios, S.L. (formerly Sicor Empresas El Corte Inglés, S.L.)	0.2	2022
Parinver Servicios, S.L.	4	2022
Construcciones Inmobiliarias Alcoral, S.A.	14	2022
Izaro Films, S.A.	299	2022
Esgueva, S.A.	3	2022
Parinver, S.A.	0.1	2022
Cinamar, S.A.	0.2	2022
Traveltino 2009, S.L.	217	2022
Entradas El Corte Inglés, S.L.	4	2022
Aperture Travel, S.L.	148	2023
Confecciones Teruel, S.A.	1	2023
El Corte Inglés, S.A.	16,969	2023
Editorial Centro de estudios Ramón Areces, S.A.	20	2023
Esgueva, S.A.	0.2	2023
Garanair, S.L.	3	2023
Industrias del Vestido, S.A.	7	2023
Parinver Servicios, S.L.	8	2023
Rubiños 1860, S.A.	0.2	2023
Sicor Limpieza Integral, S.L.	2	2023
Entradas El Corte Inglés, S.L.	1	2023
Telecor, S.A.	13	2023
Veci Travel Group, S.L.	21	2023
Construcciones Inmobiliarias Alcoral, S.A.	3	2023

In € 000

Unrecognised deferred tax assets arising from the carry forward of unused tax losses at year-end 2023 in each company:

Unused tax losses - Tax consolidation group	Total	Year arising
Unrecognised	**328,432**	
El Corte Inglés, S.A.	18,878	2013
Supercor, S.A.	17,207	2013
Cinamar, S.A.	0.2	2013
Ason Inmobiliarias de Arriendos, S.L.	252	2013
El Corte Inglés, S.A.	40,897	2016
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.4	2016
Confecciones Teruel, S.A.	1,152	2016
Supercor, S.A.	6,205	2016
Telecor, S.A.	955	2016
Rubiños 1860, S.A.	49	2016
Izaro Films, S.A.	29	2016
Esgueva, S.A.	13	2016
CDEV Senior, S.L.	93	2016
Ason Inmobiliarias de Arriendos, S.L.	1,110	2016
Iniciativas Inmobiliarias Valderas, S.A.	10	2018
El Corte Inglés, S.A.	133,663	2020
Viajes El Corte Inglés, S.A.	29,721	2020
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.1	2020
Confecciones Teruel, S.A.	10	2020
Industrias del Vestido, S.A.	987	2020
Sicor Integra El Corte Inglés, S.L.	0.1	2020
Sicor Limpieza Integral, S.L.	0.1	2020
Parinver Servicios, S.L. (formerly Sicor Logística Integral, S.L.)	0.1	2020
Sicor Interservicios ETT, S.L.	0.1	2020
Construcciones Inmobiliarias Alcoral, S.A.	15	2020
Tourmundial Operadores, S.A.	1,716	2020
Traveltino 2009, S.L.	447	2020
Rubiños 1860, S.A.	1	2020
Esgueva, S.A.	9	2020
CDEV Senior, S.L.	284	2020
Entradas El Corte Inglés, S.L.	14	2020
El Corte Inglés, S.A.	55,915	2021
Editorial Centro de estudios Ramón Areces, S.A.	15	2021

Viajes El Corte Inglés, S.A.	13,571	2021
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.04	2021
Confecciones Teruel, S.A.	4	2021
Industrias del Vestido, S.A.	41	2021
Supercor, S.A.	1,293	2021
Veci Travel Group, S.L.	0.1	2021
El Corte Inglés Cadena de Suministros, S.L.	15	2021
Sicor Integra El Corte Inglés, S.L.	4	2021
Sicor Limpieza Integral, S.L.	0.2	2021
Parinver Servicios, S.L. (formerly Sicor Logística Integral, S.L.)	1	2021
Sicor Interservicios ETT, S.L.	10	2021
Parinver Servicios, S.L.	1	2021
Tourmundial Operadores, S.A.	966	2021
Esgueva, S.A.	38	2021
CDEV Senior, S.L.	127	2021
Entradas El Corte Inglés, S.L.	2	2021
Travelconcept, S.L.	752	2021
El Corte Inglés, S.A.	1,386	2022
Editorial Centro de estudios Ramón Areces, S.A.	5	2022
Viajes El Corte Inglés, S.A.	218	2022
El Corte Inglés, S.A. (formerly Ingondel, S.L.)	0.01	2022
Confecciones Teruel, S.A.	11	2022
Industrias del Vestido, S.A.	39	2022
Supercor, S.A.	221	2022
Telecor, S.A.	30	2022
Veci Travel Group, S.L.	3	2022
Sicor Limpieza Integral, S.L.	0.03	2022
Parinver Servicios, S.L. (formerly Sicor Logística Integral, S.L.)	0.02	2022
Parinver Servicios, S.L. (formerly Sicor Empresas El Corte Inglés, S.L.)	0.02	2022
Parinver Servicios, S.L.	1	2022
Izaro Films, S.A.	43	2022
Esgueva, S.A.	1	2022
Parinver, S.A. (formerly Eventos, S.A.)	0.01	2022
Cinamar, S.A.	0.03	2022
Entradas El Corte Inglés, S.L.	1	2022

In € 000

EL CORTE INGLÉS GROUP

GROUP MANAGEMENT REPORT FOR THE YEAR ENDED 29 FEBRUARY 2024

1. GROUP SITUATION

El Corte Inglés Group is one of the world's largest retail groups, covering several areas and engaging in a range of activities, e.g. travel services, insurance, financial services, security systems. It constitutes a diversified and synergistic ecosystem. Our business model is predicating on bringing together the interests of customers, suppliers and shareholders around an established brand that generates trust in the wider society.

The Retail business line features a mix of discretionary categories (e.g. fashion, beauty and home furnishing) combined with other more resilient categories (e.g. food and electronics). It does this by leveraging its omnichannel strategy and unique network of bricks-and-mortar stores in prime locations, not to mention sound digital platforms and access to customer data.

Information on "Group situation" is provided in El Corte Inglés Group's Non-Financial Statement. As required in applicable legislation, the Parent's directors have opted to draw up a separate non-financial statement for the purpose of compliance with the provisions of Royal Decree-Law 11/2018 (of 28 December 2018), which amends the Code of Commerce, the consolidated text of the Corporate Enterprises Act enacted by means of Royal Legislative-Decree 1/2010 (2 July 2010) and Spain's Audit Act (Law 22/2015 of 20 July 2015) with respect to non-financial and diversity reporting.

1.1 Organisational structure

The classification of Group revenue and the definition of its operating segments, along with key financial metrics of each, are provided in note 4.2.6 to the consolidated financial statements. The organisational structure in place for each is as follows:

- **Retail**: the Group operates a network of department stores and smaller establishments (e.g. hypermarkets, supermarkets, outlets, Sfera and other brand stores and other retail outlets), in addition to the e-commerce platform. In particular:
  - Department stores: selling a wide variety of products and services, including leisure and culture services, furniture, fashion, beauty, accessories, food, toys, jewellery and electronics. At 29 February 2024, the Group had 72 department stores in Spain and 2 in Portugal.
  - Hypermarkets: selling a wide variety and range of value-for-money Spanish, international, regional and local food products and personal care, textile and home products. At 29 February 2024, the Group was operating 35 such hypermarkets.

- Supermarkets: 52 in Spain and 2 in Portugal.

- Supercor convenience stores: a neighbourhood convenience supermarket chain where customers can satisfy all their basic shopping needs. At 29 February 2024, there were 188 Supercor stores in Spain and 6 in Portugal.

- Sfera stores: a retail chain specialised in fashion and accessories. At 29 February 2024, the Group operated 166 proprietary standalone Sfera brand stores in a number of countries, 287 franchised stores abroad and 71 stores within ECI department stores in Spain and Portugal.

Several business models coexist in the Retail segment, e.g. firm purchases, concessions (direct operations) and store brands. Together, they enhance the offering and also help diversify and even out business risks, e.g. inventories, logistics and personnel.

Another feature is the omnichannel strategy for customers: home delivery, Click &Collect &Car, 2-hour delivery, etc.

- **Travel Group**: the Group is the market leader. In addition to its e-commerce platform, the Group provides services and operates through different agencies in Spain and abroad (primarily in Portugal and Latam).

  At 29 February 2024, the Travel Group segment had 540 agencies in Spain, 19 in Portugal and 162 in other countries. Meanwhile, Logitravel's integration has helped to strengthen the Group's digital presence in this business.

- **Other Business Lines**: this includes operations in the following industries:

  - **Financial services**: the Group's strengths lie in a business model that is customer-centric throughout the shopping experience. The Group also facilitates payment methods, offering a range of financing schemes and the possibility of insuring the goods or services acquired. The consumer finance and insurance businesses provide a growth and diversification vector, allowing for the distribution of financial products not directly related to sales (e.g. direct loans and home, car and health insurance).

    - **Financiera El Corte Inglés (FECI or ECI Finance)** is authorised by the Bank of Spain to provide a range of financial services, such as granting loans, issuing payment instruments and providing payment initiation services. In 2013, the Parent entered into a strategic alliance with Santander Consumer Finance —the Group holds a 49% stake— leveraging Banco Santander's expertise.

FECI is key player in consumer finance in Spain, with 11.7 million cards and an investment of €7,186 million (2022: €5,038 million of card and €2,148 million of direct financing). FECI is involved a great deal of the Group's activities, managing a significant portion of sales eligible for financing in 2023.

Meanwhile, the new ECI card was launched in 2022 following an agreement with MasterCard. It now operates in an open-circuit system, expanding payment coverage for customers and, therefore, providing a new source of additional revenue not related to the Group's retail activity. Going forward, this new development would enable the Group to expand its consumer finance business, which until now has largely been linked to sales within ECI.

- **Insurance Group:** comprises the SECI insurance company and the CESS and Correduría de Seguros Corporativas El Corte Inglés, S.A.U. (CSC) insurance brokers and is one of Spain's largest insurers, with 1.2 million insurance policies in its portfolio at 29 February 2024. Net attributable profit for the year ended 29 February 2024 was €32.5 million. SECI sells life and personal accident insurance. Specifically, SECI offers accident insurance, life insurance and savings plans, life and temporary annuity insurance, while CESS acts as a linked insurance agent, selling SECI, Mutua Madrileña and other insurance companies' products.

  In May 2022, the agreement between the Group and Grupo Mutua Madrileña announced on 28 October whereby Grupo Mutua Madrileña acquired a 50.01% shareholding on the insurance business was completed. The strategic alliance allowed Grupo Mutual Madrileña to expand its distribution channels and offer products to the Group's large customer base, while providing the Group's customers with a better, more comprehensive and personalised insurance offering.

– **Other services**: The Group also does business and has investments in other sectors, e.g. business security services, home customer services, energy supply, commercial real estate. These business are carried out primarily through:

- Parinver (100%): an investment vehicle that holds stakes in several companies, including Multiva (9%), a listed Mexican financial services company, and Camino Real (11%), a Mexican hotel company.
- Parinver Servicios, S.L.U. (100%): a provider of security services to retail and business customers through the Sicor Seguridad El Corte Inglés subsidiary.
- Telecor, S.A. (100%): the Group's energy arm, managing the Group's energy consumption and operating in the retail energy supply market under the Energía El Corte Inglés brand.
- Asón Inmobiliaria de Arriendos, S.L (100%): owner of the Group's largest real estate asset not related to ECI's businesses. It earns rentals from unrelated tenants.

- KIO Networks España, S.A. (50%): a digital infrastructure company that provides date centre services.
- Sephora Cosméticos España, S.L. (50%): a leading retailer of beauty products, in association with LVMH Group.

1.2 Governance bodies

The corporate governance model in place allows the Group to develop an effective governance structure and is in line with best practices of regulatory bodies and the standards of listed companies. Within the Group's corporate governance structure, the Board of Directors of the Parent is the highest decision-making body in relation to all matters not reserved to the General Meeting, which is the Group's supreme governance body. The main characteristics and functions of each body making up the Group's corporate governance are discussed below:

- **Annual General Meeting**: the corporate bylaws set out the functions and remit of the Annual General Meeting, which is the Group's highest decision-making body. Its remit includes approving the annual financial statements, approving the non-financial statement, ratifying own share transactions, appointing directors and setting director remuneration.

- **Board of Directors**: the Group's main executive body, except in relation to matters reserved to the Annual General Meeting. At 29 February 2024, the Board of Directors was composed of nine members (four women and five mean). There were no changes in its composition during the year. The Board of Directors has four committees:

    - Executive Committee: this committee has been vested with oversight and control duties. Its purpose is to assist the Board of Directors with its duty to supervise the executive and management bodies, making sure they report to the Board of Directors as required.

    - Audit and Control Committee: the duties of this committee, as an advisory and reporting committee, notably include: supervising the effectiveness of internal controls; reporting at the Annual General Meeting on the matters dealt with within its purview, specifically including the outcome of the external audit; overseeing the financial reporting process; supervising the compliance function.

    - Appointments and Remuneration Committee: the general duties of this committee, as an advisory and reporting committee, include: evaluating the universe of skills, knowledge and experience needed on the Board of Directors; bringing proposals to the Board of Directors for the appointment of directors; reviewing the director remuneration policy.

- Sustainability Committee: its responsibilities include spearheading and supervising the Group's Non-Financial Statement, the ultimate expression of the company's sustainability performance and accountability.

1.3 Headcount

As at 29 February 2024, the Group had a total headcount of 81,714 people, across the various Group companies.

The average number of employees, in terms of full-time equivalents, was 73,279:

Categories	Average headcount	
	2023	2022
Managers	6,944	6,366
Coordinators	2,728	2,713
Skilled professionals	5,909	5,405
Professionals	45,504	45,777
Staff	12,194	11,165
Total	**73,279**	**71,426**

The table above does not include the average number of employees on furlough in 2022. In 2022, on average, 7.0% of the Group's headcount was furloughed.

Of the Group's employees, 97.3% have permanent contracts. The breakdown of the year-end headcount by job category and gender is as follows:

Categories	2023		2022	
	Female	Male	Female	Male
Managers	2,402	4,867	2,220	4,959
Coordinators	1,283	1,489	1,544	1,648
Skilled professionals	4,215	2,154	3,982	2,035
Professionals	34,363	16,964	35,413	17,351
Staff	8,416	5,561	7,515	4,767
Total	**50,679**	**31,035**	**50,674**	**30,760**

(*) Does not include personnel from the Insurance Group as it is available for sale and classified in the current period as an associate.

2. BUSINESS AND EARNINGS PERFORMANCE

The Group reported growth in total revenue of 5.4% in 2023 (i.e. year ended 29 February 2024) to €16,333.04 million. Consolidated net profit was €479.57 million, driven by the improvement in EBITDA margin and control over depreciation and amortisation (D&A) charges and finance costs. Stripping out extraordinaries, recurring consolidated net profit was €359.27 million (+73.7% compared to 2022), a 15-year high.

The Group took advantage of these results to pay down its reported net financial debt, reducing it to a 16-year low and leaving an reported net financial debt to adjusted EBITDA of 1.9x (2022: 2.4x). The ratings agencies have awarded the Group its first ever investment grade rating, noting its earnings, net debt levels, business resilience and position, and real estate portfolio. Specifically, the rating agencies S&P Global Ratings and Fitch Ratings upgraded their corporate ratings to BBB-, with a stable outlook.

Total transaction value and revenue

As disclosed in note 4.2.11, the Group acts as agent in certain Retail and Travel business models, so it recognises revenue at the net amount of the transaction. To measure its entire activity by its gross amount, the Group uses total transaction value, which in 2023 amounted to €16,333 million, up 5.4% from the year before.

In 2023, the Group recognised €14,440.15 million of revenue; i.e. year-on-year growth of 5.0%.

Breakdown of revenue by segment (see note 26):

Item	Percentage contribution	€ 000 2023	2022	% Chg. 23/22
Total transaction value		16,333,038	15,494,110	5.4
Retail	85.5	12,351,091	11,920,035	3.6
Food	25.1	3,100,706	2,913,490	6.4
Fashion and beauty	38.3	4,727,650	4,559,841	3.7
Household	11.3	1,389,548	1,373,751	1.1
Culture & leisure	18.5	2,280,360	2,218,838	2.8
Miscellaneous and other income	6.9	852,827	854,115	(0.2)
Travel Group	13.3	1,926,889	1,676,939	14.9
Business travel	26.3	506,537	458,103	10.6
Leisure travel	73.7	1,420,352	1,218,744	16.5
Other	—	-	92	(100.0)
Other businesses	1.9	267,266	273,852	(2.4)
Consolidation adjustments	(0.7)	(105,096)	(116,774)	(10.0)
Total revenue	**100**	**14,440,150**	**13,754,052**	**5.0**

2023 was marked by solid growth in the Retail Business, with revenue rising 3.6% (4.7% on a same-store basis), fuelled by increases across the board, but mainly by food, fashion, and culture and leisure.

Veci Travel Group saw strong growth in all categories, bolstering its position in leisure travel and the online business following the integration of Logitravel.

Gross profit

The following table sets out the gross profit obtained by each of the Group's operating segments:

Item	Percentage contribution	€ 000 2023	2022	% Chg. 23/22
Retail	89.3	4,229,842	3,991,962	6.0
Travel Group	9.4	444,081	342,290	29.7
Other businesses	3.4	161,076	153,553	4.9
Consolidation adjustments	(2.0)	(97,023)	(100,998)	(3.9)
Gross profit	**100**	**4,737,976**	**4,386,807**	**8.0**

As illustrated, the Group's gross profit increased by 8.0% in 2023, with the Retail business representing 89% of the total. Despite Retail's significant weight, the Travel Agency segment's share of the Group's gross profit increased.

EBITDA

The following table sets out the EBITDA obtained by each of the Group's operating segments:

Item	Percentage contribution	€ 000 2023	2022	% Chg. 23/22
Retail	77.7	840,196	755,711	11.2
Travel Group	8.6	92,831	50,313	84.5
Other businesses	2.3	25,309	30,460	(16.9)
Consolidation adjustments	11.4	122,871	114,881	7.0
Total EBITDA	**100**	**1,081,207**	**951,365**	**13.6**
EBITDA margin, %		**7.5**	**6.9**	

Consolidated EBITDA increased by 13.6% in 2023 to €1,081.21 million.

As shown, Retail accounted for approximately 78% of Group EBITDA, delivering year-on-year growth of 11.2%. The Travel Group segment reported strong growth in EBITDA, lifting its share of the consolidated total slightly.

Net profit

Net profit obtained by the Group for each segment:

Item	Percentage contribution	€ 000 2023	2022	% Chg. 23/22
Retail	72.6	348,117	380,980	(8.6)
Travel Group	10.3	49,635	12,259	304.9
Other businesses	4.6	21,985	38,266	(42.5)
Consolidation adjustments	12.5	59,835	438,645	(86.4)
Total net profit	**100**	**479,572**	**870,150**	**(44.9)**
Total recurring net profit		**359,266**	**206,858**	**73.7**

Stripping out extraordinaries, recurring consolidated net profit was €359.27 million (+73.7% compared to 2022), a 15-year high. The Retail segment showed the largest increase on the back of improved EBITDA, control over D&A and finance costs, and a higher contribution to net profit from associates (insurance, Sephora, etc.).

The Travel Group achieved net profit of €49.64 million, with its highest ever revenue and earnings.

Consolidation adjustments also includes results from Financial Services (ECI Finance and ECI Insurance), which delivered net profit attributable to the Group of €52.9 million; i.e. 11% of net profit (15% of net recurring profit).

Other metrics

Inventories stood at €1,855.38 million at 29 February 2024 (28 February 2023: €1,879.83 million).

Cash flows from operating activities amounted to €925.09 million in 2023, as reflected in the statement of cash flows, with proceeds from disposals and payments primarily to purchase assets, for capital rotation and to repay debt.

Group capital expenditure and acquisitions amounted to €478 million in 2023 (2022: €405 million), broken down as follows:

Item	2023	2022
Technology	152	153
PP&E and Works	274	251
Other	52	1
Total	**478**	**405**

In € m

Group capital expenditure is consistently high so the strategic objectives can be delivered. Specifically, investment in "Technology" targets primarily the omnichannel strategy in the Retail and Travel Group segments.

Capital expenditure in "PP&E and Works" includes refurbishment to adapt and upgrade the department stores in the Retail segment and enlarge its establishments in other formats.

3. FINANCIAL POSITION

3.1 Composition of the statement of financial position

Key metrics in the statement of financial position as at 29 February 2024 and 28 February 2023:

Item	2023	2022
Non-current assets	10,990	11,034
Working capital	(1,153)	(1,227)
Equity	(6,852)	(6,564)
Non-controlling interests	(106)	(100)
Reported net financial debt	(2,059)	(2,295)
Other assets and liabilities	(820)	(848)

In € m

Performance of the key statement of financial position items:

- The balance of non-current assets comprises mostly the value of the department stores and other real estate assets used by the Group in carrying out its business (e.g. offices and logistics). The decrease from the year before was primarily caused by the depreciation and amortisation charge for the year and the disposal of non-core assets of the Group. Meanwhile, the Group's investment policy remained aligned with its strategic objectives, resulting in the modernisation of its department stores and technological development to enhance the service provided to end customers.

- Working capital consists primarily of inventories, accounts receivables and accounts payable, as defined in Appendix I to this consolidated management report. The Group managed its inventories more efficiently in 2023, helped by the good results of its operations.

- Healthy earnings in 2023 also had a positive impact on cash generation, enabling the Group to improve its overall financial position at year-end. Net financial debt stood at €2,059 million, its lowest of the last 15 years.

3.2 Capital management and financial structure

The Group's capital management objectives are to safeguard its ability to continue as a going concern in order to generate further returns for its shareholders and benefits for all its stakeholders and to maintain an optimum financial structure to reduce the cost of capital.

The Group's directors use the leverage ratio to monitor compliance with the Group's capital and financial management objectives. It defines leverage as the ratio of reported net financial debt to adjusted EBITDA. Reported net financial debt and adjusted EBITDA are defined in the APMs defined in Appendix I to this consolidated management report.

The leverage ratios at year-end:

Item	2023	2022
Reported net financial debt:		
Non-current notes and other marketable securities	-	81
Current notes and other marketable securities	218	299
Non-current borrowings	1,948	2,080
Current borrowings	48	37
Cash and other liquid assets	(155)	(202)
Total reported net financial debt	**2,059**	**2,295**
Total adjusted EBITDA	**1,060**	**944**
Reported net financial debt to adjusted EBITDA	**1.9**	**2.4**

In € m

3.3 Cash flows generated in the year

The main changes in cash generation in 2023 and 2022 were as follows:

Item	2023	2022
(=) Initial reported net financial debt	**2,295**	**3,185**
(+) Cash flows from operating activities		
(-) EBITDA	(1,081)	(951)
(+) Working capital changes	73	156
(-) Other assets and liabilities	1	274
(+) Cash flows from investing activities		
(+) Capital expenditure	428	405
(-) Disposals, non-recurring items, discontinued operations.	(46)	(1,021)
(-) Dividends received from associates	(48)	(35)
(+) Cash flows from financing activities		
(+) Lease payments (IFRS 16)	115	115
(+) Net interest paid	110	92
(+) Own shares and dividends paid	212	75
(=) Final reported net financial debt	**2,059**	**2,295**

In € m

As explained above, the cash generation and reported net financial debt reduction in 2023 were shaped by the results of operations in terms of EBITDA and the improvement in working capital changes. On the investment front, the Group improved capital expenditure during the year, disposing only of assets considered non-core.

4. MAIN RISKS AND UNCERTAINTIES

As detailed in the notes to the consolidated financial statements, the Group's business activities expose it to various types of financial and market risks: credit risk, liquidity risk, price risk, interest rate risk and foreign currency risk. Risk management at the Group is overseen by the Parent's management team, which puts the necessary mechanisms in place. Management focuses on uncertainty in the financial markets and seeks to minimise the potential adverse effects on the Group's profitability.

The main risks are:

- **Credit risk**: the Group's credit risk vis-a-vis third parties is not significantly concentrated: the vast majority of its revenue stems from retail sales which are settled, fundamentally, in cash or by card.

- There were no significant balances at 29 February 2024 or 28 February 2023 that had not been adjusted for expected credit losses based on the analysis conducted by the Group and its policies for determining those haircuts. The fair value of the Group's receivables is not materially different from their carrying amount.

- **Liquidity risk**: prudent management of liquidity risk entails maintaining adequate cash and marketable securities and ensuring available funding in the form of sufficient committed credit facilities.

  The Group manages liquidity by maintaining adequate funds, using appropriate bank services, keeping undrawn credit and loan facilities and continuously monitoring prevailing and forecast cash flows, matching them with the maturity profiles of its financial assets and liabilities.

- **Price risk**: despite the inflationary pressures originated by the bottlenecks associated with the rapid recovery from the pandemic, accentuated by international conflicts, the Group is successfully mitigating the impact of inflation, bolstering the supply chain to cut costs and skilfully managing potential fluctuations in energy costs. Official monetary policy has been a key contributing factor in the normalisation of interest rates and stabilisation of inflation.

- **Interest-rate risk**: the future cash flows of assets and liabilities benchmarked against floating rates of interest will fluctuate because of changes in interest rates. The Group's financial instruments that expose it to interest rate risk are essentially its floating-rate loans and its derivative instruments.

  The Group arranges derivative financial instruments to mitigate that exposure based on its outlook for interest rates and its long-term capital structure targets.

- **Foreign currency risk**: the Group operates in international markets and is, therefore, exposed to foreign exchange risk, particularly as a result of purchases of merchandise arranged in US dollars.

  Foreign exchange risk is managed in accordance with Group management guidelines which essentially contemplate natural hedging strategies and constant monitoring of exchange rates, among other mitigating measures. It is Group policy to arrange financial instruments (currency forwards) to reduce its exposure to exchange differences on foreign-currency transactions.

  In order to control and reduce the potential adverse impact of movements in interest and foreign exchange rates on the Group's earnings, the Parent has a medium-term risk management policy under which it arranges certain financial instruments to mitigate its exposure to variability in those rates, and

also to energy prices. The notional amounts covered by those interest and foreign exchange risk management programmes are disclosed in note 19 of the consolidated financial statements.

5. EVENTS AFTER THE REPORTING PERIOD

As disclosed in note 4.2.15, the Group has entered into an agreement with the Carrefour group to transfer 43 establishments under the Supercor banner, which it will do gradually. At the date of authorisation for issue of these financial statements, the Group had delivered 16 stores, recognising a gain of €13.88 million under "Other income" in the accompanying consolidated statement of profit or loss.

After the end of the reporting period, the Group achieved an investment grade corporate rating. Specifically, the rating agencies S&P Global Ratings and Fitch Ratings upgraded their corporate ratings to BBB-, with a stable outlook.

Finally, and after the end of the reporting period, the Group reached an agreement with the majority of banks in the syndicate covering the second extension of all of the tranches for one more year, so that Tranches A and B, now mature in 2029.

6. OUTLOOK FOR THE GROUP

Over the past few years, different international conflicts have given rise to a period of exceptional uncertainty featuring a convergence of several negative situations, e.g. global supply chain disruptions and inflationary pressures on energy costs.

Against this backdrop and despite the political upheaval, the macroeconomic landscape in Spain has been positive, with GDP growth outperforming the eurozone average. Central bank monetary policy played a key role in market trends in 2023, hiking interest rates. Meanwhile, energy costs levelled off in 2023.

To mitigate these risks, the Group assesses the potential impact of movements in interest rates on its earnings, mitigating the increase in finance costs by arranging certain financial instruments to hedge its exposure to interest and foreign exchange rates. Credit facilities and commercial paper are proving to be a useful tool for raising short-term funding quickly.

Meanwhile, in a bid to control energy costs, Group company Telecor, S.A.U. is taking appropriate action by hedging future purchases that reduce costs and ensure future flows.

Good performances in the main macroeconomic indicators, coupled with expectations for a moderate reduction in interest rates, bode well for stronger private consumption; i.e. one of Spain's main economic drivers.

Looking to the next few years, assuming macroeconomic forecasts are reasonably on target, the Group expects to turn in a positive revenue and earnings performance.

7. RESEARCH AND DEVELOPMENT

In 2023 the Group carried out a range of R&D projects aligned with its strategic lines of initiative. The most important projects in terms of content and scope were:

- Development of an advanced software platform based on structured system design techniques whose aim is to deliver smart customer segmentation by leveraging big data analytical tools and artificial intelligence algorithms. That platform provides a real picture of season/collection management and classifies the customer database on the basis of risk, fraud detection, debt collection and non-performance estimates.

- Digitalisation of the customer relationship function in the ECI Insurance Group. That project is articulated around the implementation of a cloud-based CRM and optimisation of the customer communication processes. That digital transformation process will enable the Group to better align its product and service range with user needs. Service levels will increase thanks to the ability to manage customer relations in a more customised manner, so boosting customer loyalty.

- Development of an end-to-end management platform for the insurance brokerage environment based on Java J2EE technology. This is an ambitious multi-year plan that requires the development of key functionalities as well as the re-engineering and digitalisation of all business processes. Phase one of the project will tackle the Back-Office, Smart Agenda and Sales Structure modules.

- Design and development of a range of technological upgrades for a new web-based portal through which the Group will publicise and market its financial products. The portal encompasses financing management and secure product payment tools, as well as the corresponding user authentication and document management services. In parallel, work is underway to develop the platform app, reinforcing the omnichannel nature of the solution.

As in prior years, the Group continued to work to improve its systems and operating procedure processes in 2023. That effort implied the implementation and use of next-generation technology and the development of conceptual models which, mining the Group's accumulated experience, enable continuous improvement of the productive and management systems.

The optimal configuration of the quality assurance processes is another key enabling factor in providing customers with excellent service quality and personalised care.

8. OWN SHARE TRANSACTIONS

The Group held the following own shares, on a temporary basis and earmarked for upcoming sale, at 29 February 2024 and 28 February 2023:

Item	No. of shares	Par value (€)
Own Class A shares at 29 February 2024	5,163,588	6
Own Class A shares at 28 February 2023	4,449,594	6

In € 000

In 2023, the Company invested €68.09 million in the acquisition of own shares. It did not dispose of any own shares during the year. At 29 February 2024, the Group held a total of 5,163,588 own shares, equivalent to 6.8% of its share capital.

See disclosure of main movements in note 15.4.

9. ENVIRONMENTAL DISCLOSURES

The Group's environmental management effort is focused on the consumption of raw materials, energy and water, control over its greenhouse gas emissions and waste management.

The Group's general environmental protection and awareness policy encompasses the following aspects:

- Reduction of the impact of materials usage and minimisation of packaging.
- Energy consumption efficiency plans at the department stores (addressing lighting, the cold chain, HVAC and control systems) and the search for more efficient technologies.

The following key initiatives stand out:

- Choice of lighting systems based on the criteria, such as the colour rendering index, useful life, design, auxiliary equipment and light regulation, control and maintenance systems, that largely determine their energy consumption.
- Technical upgrade of the stock of refrigerators, enhancing their performance and improving their energy efficiency.
- Water consumption reduction and wastewater quality improvement measures. Many of the Group's facilities have been fitted with new wastewater treatment techniques based on microbial ecology fermentation systems.
- Gradual reduction in the use of water-pumped cooling towers.

– Energy efficiency measures targeted at cutting emissions.

– Specific treatment programmes for the various categories of waste generated by the Group.

The Group recognised €17.99 million of environmental protection expenses in 2023 (2022: €16.42 million), broken down as follows:

Item	2023	2022
Cost of goods sold	1,225	213
External services	13,919	13,736
Taxes other than income tax	2,842	2,469
Total	**17,986**	**16,418**

In € 000

The amounts recognised under cost of goods sold relate to the *ad-hoc* purchase of consumables not included in the external service purchases whose purpose is related with environmental performance, such as: air pollution filters, water treatment products and boiler and treatment facility maintenance products.

External services encompass all services, whether regular maintenance or other general services, purchased with a view to enhancing the Company's environmental performance. Specific actions include the cleaning of air conditioning ducts, onsite water treatment (cleaning, disinfection, etc.), packaging and packaging-waste management, waste transport and handling (fluorescent bulbs, machinery oil, paper waste, vegetable oils, organic waste, sanitary product waste, etc.) and civil liability insurance cover.

Lastly, the taxes other than income tax include environmental levies, mainly derived from the use of landfills.

10. OTHER DISCLOSURES

The Group's environmental management effort is focused on the consumption of raw materials, energy and water, control over its greenhouse gas emissions and waste management.

• Occupational health and safety

Refer to the 2023 Non-Financial Statement.

• Training

Refer to the 2023 Non-Financial Statement.

• Disclosures on payments to suppliers

Below are the disclosures required under Additional Provision Three - "Disclosure requirements" - of Spanish Law 15/2010 (5 July 2010):

Item	2023	2022
Average supplier payment term	43 days	39 days
Paid transactions ratio	44 days	40 days
Outstanding transactions ratio	20 days	24 days
	Amount	
Total payments made	**12,913,359**	**12,087,913**
Total payments outstanding	**763,285**	**774,519**
Number of invoices paid within the legally stipulated deadline	12,145,925	11,372,010
Percentage of total payments	94.1%	94.1%
Number of invoices paid within the legally stipulated deadline	7,306	8,456,742
Percentage of total invoices paid	82.9%	92.0%

In € 000

- ## Other disclosures

Note that the Group has endorsed and complies with the Code of Best Tax Practices. The Group files all of the required tax returns within the deadlines and in the manner stipulated.

APPENDIX I: ALTERNATIVE PERFORMANCE MEASURES (APMs): DEFINITIONS

At the end of each month, El Corte Inglés Group prepares certain information by business segment and for analytical purposes in keeping with the International Financial Reporting Standards (IFRS). In addition, the Group uses certain alternative measures to assess its business and financial performance. Below is a description of the various performance measures used in the consolidated management report which, in Group management's opinion, qualify as alternative performance measures - APMs - under the guidelines issued by the ESMA:

TOTAL TRANSACTION VALUE

- **Definition**: the total transaction value is defined as the total amount invoiced to the customer.
- **Rationale for usage**: It is used to measure the total volume of transactions carried out by the Group with third parties, taking into account the gross amount of the operations in which the Group acts as "Agent".
- **Comparability**: the criteria have not changed from last year.
- **Reconciliation**: the reconciliation is shown below:

Item	Source	2023	2022
(=) Revenue	P&L	14,440	13,754
(+) Invoiced amount recorded by "Net" (Note 4.2.11)		1,893	1,740
(=) Total transaction value	**APM**	**1,081**	**951**

In € m

EBITDA

- **Definition**: EBITDA is defined as operating profit before depreciation and amortisation charges, the expenses and income recognised within "Other gains/losses" and the expenses recognised under "Employee benefit obligations".

  Note that the Group recognises asset impairment losses, the gains and losses arising from transactions involving fixed assets and non-current assets held for sale and non-recurring gains and losses under "Other gains/losses".

- **Rationale for usage**: EBITDA is an earnings indicator widely used in the financial markets as it provides a proxy for operating cash generation and facilitates comparisons across different businesses in the same or different sectors.
- **Comparability**: the criteria used to define EBITDA have not changed from last year.

- **Reconciliation**: the reconciliation between EBITDA and the amounts presented in the statement of profit or loss is shown below:

Item	Source	2023	2022
(=) Operating profit	P&L	494	26
(+) Depreciation and amortisation	P&L	527	563
(+) Other gains/(losses)	P&L	20	277
(+) Employee benefit obligations	P&L	40	85
(=) EBITDA	**APM**	**1,081**	**951**

In € m

Adjusted EBITDA

- **Definition**: Adjusted EBITDA is defined as EBITDA, as defined above, less lease payments under IFRS 16, plus dividends received from associates plus extraordinary charges.
- **Rationale for usage**: adjusted EBITDA is used to calculate the Group's debt ratio for the purposes of its syndicated loan agreement.
- **Comparability**: the criteria used to define adjusted EBITDA have not changed from last year.
- **Reconciliation**: the reconciliation between adjusted EBITDA and the amounts presented in the statement of profit or loss is shown below:

Item	Source	2023	2022
(=) EBITDA	APM	1,081	951
(-) Lease payments (IFRS 16)	P&L	(115)	(115)
(+) Dividends from equity method investments	Note 10	48	60
(+) Extraordinary charges	P&L	47	48
(=) Adjusted EBITDA	**APM**	**1,061**	**944**

In € m

EBITDA margin

- **Definition**: the ratio between EBITDA and revenue.
- **Rationale for usage**: The EBITDA margin is used to track the business's performance for analytical purposes.
- **Comparability**: the criteria used to define the EBITDA margin have not changed from last year.
- **Reconciliation**: the reconciliation between EBITDA and the amounts presented in the statement of profit or loss is shown below:

Item	Source	2023	2022
(=) EBITDA	APM	1,081	951
(=) Revenue	P&L	14,440	13,754
(=) EBITDA margin (%)	**APM**	**7.5**	**6.9**

In € m

Reported gross financial debt

- **Definition**: the Group uses this APM reported gross financial debt as defined in its syndicated loan agreement. As per that agreement, includes the following headings:
  - Bank borrowings, excluding interest accrued and unpaid.
  - Notes and other marketable securities, including the commercial paper listed on Spain's alternative fixed-income market (MARF), excluding interest accrued and unpaid.
  - The capitalised amount of finance leases other than those falling under the scope of IFRS 16.
- **Rationale for usage**: it is used to gauge the Group's gross borrowings, as well as for the calculation of the reported net financial debt.
- **Comparability**: the criteria used to define this APM have not changed from last year.
- **Reconciliation**: the reconciliation is provided below:

Item	Source	2023	2022
(+) Current and non-current bank borrowings	Balance Sheet	2,005	2,118
(+) Non-current and current notes and other marketable securities	Balance Sheet	220	383
(+) Leases (excluding leases under IFRS 16)		1	7
(-) Interest accrued and unpaid on bank borrowings		(9)	(7)
(-) Interest accrued and unpaid on notes and other marketable securities		(3)	(3)
(=) Reported gross financial debt	**APM**	**2,214**	**2,498**

In € m

Cash and other liquid assets

- **Definition**: the Group uses this to identify those financial assets considered to have a high degree of liquidity, as well as to calculate their reported net financial debt. ND includes the following headings:

  - the total amount in the heading “Cash and cash equivalents”.
  - the amount of those deposits with a high degree of liquidity, included in the heading of “Current financial assets”.

- **Rationale for usage**: it is used to measure the Group's liquidity and solvency capacity.
- **Comparability**: the criteria used to define this APM have not changed from last year.
- **Reconciliation**: the reconciliation between this APM and the related headings of the statement of financial position is provided below:

Item	Source	2023	2022
(-) Current financial assets	**Balance Sheet**	48	53
(-) Cash and cash equivalents	**Balance Sheet**	133	183
(+) Adjustment for derivatives, security deposits and others		(27)	(34)
(=) Cash and other liquid assets	**APM**	**155**	**202**

In € m

Reported net financial debt

- **Definition**: the Group uses reported net financial debt (or ND) as defined in its syndicated loan agreement. As per that agreement, ND includes the APM’s defined above:
  - Reported gross financial debt.
  - Cash and other liquid assets.
- **Rationale for usage**: ND is used to gauge the Group's net borrowings and its liquidity and solvency position.
- **Comparability**: the criteria used to define this APM have not changed from last year.
- **Reconciliation**: the reconciliation between net financial debt and the related headings of the statement of financial position is provided below:

Item	Source	2023	2022
Reported gross financial debt	APM	2,2214	2,498
Cash and other liquid assets	APM	(155)	(202)
(=) Reported net financial debt	**APM**	**2,059**	**2,295**

In € m

Working capital

- **Definition**: working capital is defined as the amount of inventories, accounts receivable and other current assets less accounts payable and other current liabilities that originate in the ordinary course of business operations.
- **Rationale for usage**: working capital is used to measure the Group's liquidity requirement and its impact on the generation of cash flows from operating activities.
- **Comparability**: the criteria used to define working capital have not changed from last year.
- **Reconciliation**: the reconciliation between working capital and the corresponding headings of the statement of financial position is provided below:

Item	Source	2023	2022
(+) Inventories	Balance Sheet	1,855	1,880
(+) Trade and other receivables	Balance Sheet	459	418
(-) Trade and other payables	Balance Sheet	(3,522)	(3,541)
(+/-) Other assets and liabilities		54	16
(=) Working capital	**APM**	**(1,154)**	**(1,227)**

In € m

Notes:

- The amount of inventories is that corresponding to the assets described in note 12.
- "Trade and other receivables" includes "Trade receivables" (note 13), "Receivables from associates and related parties" (note 24.1), "Current tax assets" and "Other current assets".
- "Trade and other payables" includes "Payables to fixed-asset suppliers" within current liabilities on the accompanying statement of financial position, "Trade and other payables" (note 21), "Trade payables, associates and related parties" (note 24.1), "Current tax liabilities", and "Accruals" within current liabilities.

- "Other assets and liabilities" relate to accounts receivable and payable that are included within current assets and current liabilities on the accompanying consolidated statement of financial position, respectively, and that are not included in working capital as they did not arise in the ordinary course of business operations.

Loan-to-value (LTV) ratio

- **Definition**: the ratio between reported net financial debt and the fair value of the Group's properties.
- **Rationale for usage**: it is used to measure the debt incurred to finance assets relative to their market value.
- **Comparability**: the criteria used to define the LTV ratio have not changed from last year.
- **Reconciliation**: the reconciliation between the LTV ratio and the corresponding headings of the statement of financial position is provided below:

Item	Source	2023	2022
(=) Reported net financial debt	APM	2,059	2,295
(=) Value of the Group's properties	Note 4.2.5.2	15,500	16,007
(=) Loan-to-value (LTV) ratio	**APM**	**13.3%**	**14.3%**

In € m

This document represents a translation into English of the consolidation financial statements (balance sheet, income statement, statement for changes in equity and statement of cash flow) and the accompanying notes for the year ending 29 February of 2024 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

José Ramón de Hoces Íñiguez
Director Secretary of the Board